

Neurotech International Limited
Appendix 4E
Preliminary final report

Company details

Name of entity: Neurotech International Limited
 ACN: 610 205 402
 Reporting period: For the year ended 30 June 2020
 Previous period: For the year ended 30 June 2019

Results for announcement to the market

				\$000
Revenues from ordinary activities	down	30.3%	to	77
Loss from ordinary activities after tax attributable to the owners of Neurotech International Limited	down	64.3%	to	(1,713)
Loss for the year attributable to the owners of Neurotech International Limited	down	63.7%	to	(1,723)

Dividends

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

Comments

The operating loss for the Company after providing for income tax amounted to \$1,713,439 (30 June 2019: loss of \$4,802,208).

Net tangible assets

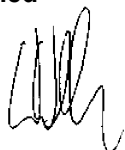
	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (cents)	<u>(0.30)</u>	<u>0.22</u>

Attachments

Additional Appendix 4E disclosure requirements can be found in the director's report and the 30 June 2020 financial statements and accompanying notes.

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

Signed



Winton Willesee
Director
31 August 2020

Neurotech

ACN 610 205 402

NEUROTECH INTERNATIONAL LIMITED

ANNUAL REPORT - 30 JUNE 2020

CONTENTS

	PAGE
CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
CORPORATE GOVERNANCE	21
AUDITOR'S INDEPENDENCE DECLARATION	22
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	23
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	24
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	25
CONSOLIDATED STATEMENT OF CASH FLOWS	27
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	28
DIRECTORS' DECLARATION	58
INDEPENDENT AUDIT REPORT	59
ASX ADDITIONAL INFORMATION	63

CORPORATE DIRECTORY

DIRECTORS	Mark Davies (Chairman) Peter Griffiths (Chief Executive Officer/Managing Director) Winton Willesee (Non-Executive Director) David Cantor (Non-Executive Director)
COMPANY SECRETARY	Erlyn Dale
REGISTERED AND PRINCIPAL OFFICE	Suite 5 CPC, 145 Stirling Highway NEDLANDS WA 6009 Telephone: (08) 9389 3130 Website: www.neurotechinternational.com Email: info@neurotechinternational.com
AUDITORS	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
SHARE REGISTRY	Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: (08) 9324 2099
HOME EXCHANGE	Australian Securities Exchange Ltd Exchange Plaza 2 The Esplanade PERTH WA 6000 ASX Code: NTI and NTIO
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 and its controlled entities (**Group**) for the financial year ended 30 June 2020 and the Auditor's Report thereon.

BOARD OF DIRECTORS

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

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

PRINCIPAL ACTIVITIES

Neurotech International Limited is a medical device and solutions company whose primary mission is to improve the lives of people with neurological conditions.

Through its Mente device and its associated platform, and more recently via its rights to a series of strains of cannabis, Neurotech is focused on facilitating the development of technological and other solutions for the screening and treatment of neurological disorders including autism, epilepsy and ADHD.

DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2020 (2019: Nil).

OPERATING RESULTS

The consolidated Group's net loss after providing for income tax for the year ended 30 June 2020 amounted to \$1,713,439 (30 June 2019: \$4,802,208). Refer Note 1(c) on the preparation of the financial statements on a going concern basis.

REVIEW OF OPERATIONS

Mente

Mente successfully renewed its CE Medical marking during the period. This reconfirmed Mente's unique position as the world's only clinically proven at home therapy for ASD children. Mente is classified as a Class IIa medical device and the Company also holds ISO 13485:2016 certification, provided to companies which meet the requirements and standards to design, manufacture and distribute medical devices in relevant jurisdictions.

The CE renewal audit was conducted by the independent body ITALCERT, which evaluated the quality management system of the Company, and the compliance of the Mente device to the European standards of health, safety and effectiveness for its intended use in the management of neurodevelopmental disorders such as autism.

In January 2020, the Company received notice of the cancellation of Mente from entry on the Australian Register of Therapeutic Goods. This cancellation is not anticipated to have any material impact on the Company's revenue and will not impact its sales and marketing in Europe, but the approach for marketing the device in Australia is being reconsidered.

DIRECTORS' REPORT

In March 2020, Mente was added to the UK's National Autistic Society's 'Autism Services Directory', which is the UK's most comprehensive directory of services and support for autistic people, their families, and people who work with them.

The addition to the directory is expected to continue to build awareness for the device following the adoption of the Mente autism therapy referral program by The Norcal Brain Center (USA) and The Australasian Neurofeedback Institute (ANFI).

Mente also received a 'Highly Commended' for a Genius Within 'Celebrating Neurodiversity' award for assistive technology in the UK earlier this year. The award is for companies who have embedded technology in a way that creates a level playing field for neuro-diverse people.

Mente was also featured in Autism Parenting Magazine (USA), further reinforcing its growing acceptance around the world.

In December 2019, Neurotech announced it had signed Holy Stone Healthcare (Holy Stone) as its exclusive distributor in Taiwan. The agreement followed two years of the two parties working together on local tests and submissions to the Taiwan Food & Drug Administration (TFDA), the agreement comes into full effect on receiving approval from the TFDA.

The Company has also focused on developing awareness, trust and a pipeline for eCommerce enabled sales for Mente using an online and social media presence. It has enhanced the user experience of Mente for both users of the device and clinicians by progressing the digitisation and automation of the device's go-to-market model.

Clinically proven Mente helps ASD children to learn to engage positively with their environment. Mente is the world's only personalised neurofeedback therapy clinically proven to help children with ASD self-regulate attention and mood. During the period the Company engaged HYPERION Life Sciences Ltd. The engagement focused on expanding distribution partners in Europe and considering M&A options at the Mente project level.

Cannabis strains

During the period, Neurotech negotiated, and subsequently shortly after the period announced, it had secured an option to acquire an exclusive worldwide licence to utilise proprietary cannabis strains from Dolce Cann Global Pty Ltd ('Dolce') for medicinal use in treating neurological disorders including autism, epilepsy and ADHD. This complements the Group's existing Mente technology.

Australia-based Dolce has proprietary genetics sourced from 13 rare chemovars, which has been bolstered over the past 20 years by selective breeding targeted for distinct purposes such as cultivation method, climate, yield, phytochemical content and harvested products including flower, seed, fibre or biomass.

Recent profiling of leaf cuttings from 650 seedlings of Dolce genetics evidenced high levels of cannabinoids CBG, CBC, CBN and CBDV among others. Recent studies have indicated the potential for these cannabinoids to target and benefit neurological disorders such as autism.

A key feature of the targeted Dolce strains is plant profiles with less than 0.3% THC (on average). Investigating cannabis research options for children with autism without the potential psychoactive effects of THC is a key component of Neurotech's investigation of an innovative new project pathway.

Neurotech believes that a combined approach to autism treatment, potentially combining its own clinically proven Mente device with Dolce cannabis strains could lead to innovative new therapy options becoming available as trials progress.

Dolce engaged one of Australia's leading cannabis laboratories, ACS Laboratories (Australia) ('ACS'), to undergo genetic profiling of some of its selected cannabis strains.

Dolce has more than 60 elite clones undergoing validation for Plant Breeders Rights approval under the International Union for the Protection of New Varieties of Plants (UPOV) and potential utility patents in the USA. Dolce's ability to demonstrate its genetic development over the past 20 years puts the Company in a very strong position to secure

DIRECTORS' REPORT

worldwide IP protection regarding any cannabis strains that are ultimately successful as part of the Neurotech collaboration.

In July 2020 Neurotech provided an update on this agreement, with the first 80 unique Dolce strains transported to ACS Laboratories for genetic profiling and full spectrum analysis. Following the completion of the profiling and spectrum analysis by ACS Laboratory, NTI plans to commence invitro testing (using human derived cell lines) in September 2020. NTI will use results from ACS' analysis to determine the key priority strains to target autism and other neurological disorders.

In August 2020 the Company announced promising early results from ACS' genetic profiling and full potency analysis on the cannabis samples, with the first 40 samples returning a "wide cannabinoid profile" with levels of cannabinoid CBDA up to approx. 12% (with less than 0.5% THC) as well as "rarer" cannabinoids such as CBGA CBG and THCA in the samples. Full results from ACS' analysis is expected in early September 2020.

In consideration of NTI acquiring the licence, Dolce or its nominees will be entitled to be issued the following securities by NTI and grant of royalty as consideration:

- i. 33,000,000 fully paid ordinary shares in NTI and 33,000,000 unlisted options (exercisable at \$0.01 each and expiring 31 Jan 2023);
- ii. 33,000,000 fully paid ordinary shares in NTI upon successful stage 1 in-vitro assay assessments being completed;
- iii. 33,000,000 fully paid ordinary shares in NTI upon successful stage 1 clinical trials being completed; and
- iv. Dolce (or nominees) will also be entitled to a 2.5% net sales royalty in respect of all sales which utilise the cannabis strains for neuro disorders.

Corporate

In October 2019, Neurotech advised that it had issued \$300,000 of convertible loans, with the funds used for working capital purposes. These were subsequently converted in March and April 2020 to 79,471,760 ordinary shares and 79,471,760 options in accordance with the terms of the Convertible Notes.

In conjunction with the Dolce cannabis strains transaction subsequent to the end of the financial year, Neurotech received firm commitments for a placement of 100 million shares at 0.5c per share to raise \$500,000. The funds were or will be used to satisfy the transaction with Dolce, as well as assisting with the Company's existing Mente operations and general working capital.

Along with the consideration equity associated with the Dolce cannabis strains transaction the Company agreed, subject to shareholder approval, to issue 5,000,000 shares and 5,000,000 options (exercisable at \$0.01 each and expiring 31 Jan 2023) to the introducer of the Dolce opportunity.

Neurotech also sought and received shareholder approval for the issue of shares in lieu of debts owed to directors. Approval was sought for the issue of shares at a deemed issue price equal of 0.802c per share (being the 5 day VWAP of trading in NTI shares leading up to the announcement of this on 3 July 2020) in satisfaction of \$283,500 in accrued directors fees.

AGM

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on 24 November 2020.

In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 6 October 2020.

Any nominations must be received in writing no later than 5.00pm (WST) on 6 October 2020 at the Company's registered office.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There weren't any significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As included in the Review of Operations, on 3 July 2020 the Group announced that it had secured an exclusive worldwide licence to use proprietary cannabis strains from Dolce Cann Global Pty Ltd for medicinal use in treating autism, epilepsy and ADHD.

On 3 July 2020 the Group paid a non-refundable deposit of \$50,000 to Dolce Cann under the terms of the licencing agreement, and will issue 33,000,000 ordinary shares at an issue price of \$0.005 per share together with 33,000,000 free options which were approved at the shareholder General Meeting held today 31 August 2020.

The Group has also raised \$500,000 through the issue of 100,000,000 ordinary shares at an issue price of \$0.005 per share. On 22 July 2020 32,250,000 of these ordinary shares were issued raising \$161,250 before expenses, with the issue of the remaining 67,750,000 ordinary shares to raise \$338,750 approved at shareholder General Meeting held today 31 August 2020. A further 5,000,000 ordinary shares at an issue price of \$0.005 per share together with 5,000,000 free options will be issued to unrelated party in lieu of professional fees relating to the licence agreement.

On 31 August 2020 shareholders approved a series of resolutions for the issue of equity in relation to the Dolce transaction, debt to equity conversions, and a capital raising.

Other than the above, no matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

IMPACT OF COVID-19 GLOBAL PANDEMIC

The impact of the Coronavirus (COVID-19) pandemic is ongoing and is causing delay to business development activities and meetings. Whilst it has had limited financial impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

OUTLOOK

In addition to the Dolce Cann licence agreement detailed above, the Group remains committed to the development of *Mente*. The Board is reviewing the options for it to continue the development of *Mente* which includes accessing sufficient funding in a suitably attractive form to shareholders to fund the continued development.

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

ENVIRONMENTAL REGULATION

National Greenhouse and Energy Reporting Act 2007

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

Mark Davies – Chairman

Experience and Expertise Mark Davies graduated from the University of Western Australia with a Bachelor of Commerce. He has over 20 years' experience in trading, investment banking and providing corporate advice. He worked at Montagu Stockbrokers before co-founding investment banking firm Cygnet Capital and more recently 1861 Capital. Mark specialises in providing corporate advice and capital raising services to emerging companies seeking business development opportunities and funding from the Australian market.

Other Current Directorships None

Former Directorships in last 3 years None

Special Responsibilities Chairman of the Board

Interests in Shares and Options 2,000,000 unlisted \$0.0189 options expiring 18 November 2022

Peter Griffiths – CEO and Managing Director

Experience and Expertise Peter J.L. Griffiths, B.Sc. (Hons), draws on his more than 20 years of leadership experience in the software industry. As EVP and Group Executive at CA Technologies, he was responsible for investment and strategy across the five business units that drove the company's leadership in IT Management Cloud, Application Development, Operations, DevOps and Security for enterprise and growth markets. As a member of the company's Executive Management Team; Mr. Griffiths also oversaw all aspects of Operations, M&A activity, Industry Solutions, and the CA Technologies Innovation Center, driving mobile-first software products and the transition to SaaS offerings and business models.

Other Current Directorships No other Public Company Directorships

Former Directorships in last 3 years None

Special Responsibilities None

Interests in Shares and Options 7,292,378 ordinary shares
2,060,334 unlisted \$0.20 options expiring 30 November 2020
2,634,790 unlisted \$0.06 options expiring 31 March 2021
6,500,000 unlisted \$0.0589 options expiring 18 November 2024
5,429,754 unlisted \$0.0199 options expiring 18 November 2024

DIRECTORS' REPORT

David Cantor – Non-Executive Director

Experience and Expertise	<p>A highly distinguished clinician, neuroscientist, program developer and a member of the Group's Scientific Advisory Board, Dr Cantor's career spans more than 40 years in the academic and clinical neuroscience sector.</p> <p>He is currently the CEO and Clinical Director of Mind and Motion Developmental Centers of Georgia, a multidisciplinary treatment facility providing a range of diagnostic and treatment services to children and adults seeking help with neurological disorders such as autism, ADHD, traumatic brain injury and sensory processing disorders. He is also the CEO and Managing Partner of BrainDx, an international software Group that produces functional brain analytic software through computer assisted quantitative EEG (QEEG) reports and big database measures of brain development.</p> <p>In addition to the above, Dr Cantor has held multiple board positions across various neuroscientific associations, including being a founding board member and current Chairman of the International Board of Quantitative Electrophysiology, established to maintain the highest quality of resources and examination procedures for clinicians and academicians with interests in quantitative electrophysiology. He is also Secretary of the International Society of Neurofeedback and Research and an advisory board member of the Innovative Health Foundation.</p>
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Chair of the Company's Scientific Advisory Board (Currently dormant)
Interests in Shares and Options	142,857 ordinary shares 2,000,000 unlisted \$0.0189 options expiring 18 November 2022

Winton Willesee – Non-Executive Director

Experience and Expertise	<p>Mr Willesee is an experienced corporate professional with a broad range of skills and experience strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries, having held directorships, chairmanships and company secretarial positions with a number of ASX-listed companies over many years.</p> <p>Mr Willesee holds formal qualifications in Commerce, Economics and Finance, Accounting, Applied Finance and Investment, Applied Corporate Governance and Education. He is a Fellow of the Financial Services Institute of Australasia, the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, Graduate of the Australian Institute of Company Directors and a Member of CPA Australia.</p>
Other Current Directorships	New Zealand Coastal Seafoods Limited (ASX:NZS), MMJ Group Holdings Limited (ASX:MMJ), Nanollose Limited (ASX:NC6) and eSense Lab Ltd (ASX:ESE)
Former Directorships in last 3 years	Mali Lithium Limited, Ding Sheng Xin Finance Co Limited and Kopore Metals Limited
Special Responsibilities	None
Interests in Shares and Options	337,906 ordinary shares 2,000,000 unlisted \$0.0189 options expiring 18 November 2022

DIRECTORS' REPORT

COMPANY SECRETARY

Erlyn Dale – Company Secretary

Experience and Expertise

Miss Dale is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries.

Miss Dale began her career in corporate recovery and restructuring at Ferrier Hodgson and is now the Managing Director of corporate services firm, Azalea Consulting, which provides outsourced company secretarial, accounting and administration services to a portfolio of ASX-listed companies.

Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

DIRECTORS' MEETINGS

Attendances by each Director during the year were as follows:

Director	Number Eligible to Attend	Number Attended
Mark Davies	9	9
Winton Willesee	9	9
Peter O'Connor	9	9
Peter Griffiths	9	9

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

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

Key Management Personnel disclosed in the Report

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

Directors

Mark Davies	Chairman
Winton Willesee	Non-Executive Director
Peter Griffiths	Chief Executive Officer and Managing Director
David Cantor	Non-Executive Director

Remuneration Governance

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

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

Use of Remuneration Consultants

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

DIRECTORS' REPORT

Executive Remuneration Policy and Framework

The full Board reviews and make recommendations regarding the following:

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

Key Management Personnel Remuneration Policy

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

The remuneration structure for Key Management Personnel is based on a number of factors including particularly the skills and experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, subject to review with the Board proposing a review in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group.

The Group's executive Key Management Personnel includes the Chief Executive Officer Peter Griffiths (appointed 26 November 2018). The CEO is entitled to receive performance-based pay under his engagement agreement. Information on the remuneration of the Executive Key Management Personnel is provided on page 15.

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

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

DIRECTORS' REPORT

Key Management Personnel Compensation

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

2020 Key Management Person	Short-term Benefits				Termination Benefits	Share-based payment			Total (\$)	Performance related
	Salary (\$)	Bonus (\$)	Post Retirement benefits (\$)	Other benefits (\$)	Termination Benefits (\$)	Shares and Share Rights (\$)	Options (\$)	Total Share Based Payments (\$)		
DIRECTORS										
Mark Davies ¹	52,000	-	-	-	-	-	16,800	16,800	68,800	-
Winton Willesee ¹	40,008	-	-	-	-	-	16,800	16,800	56,808	-
Peter Griffiths ¹	282,169	-	-	-	-	-	45,298	45,298	327,467	14%
David Cantor ¹	40,000	-	-	-	-	-	16,800	16,800	56,800	-
TOTAL	414,177	-	-	-	-	-	95,698	95,698	509,875	

On 19 November 2019 6,000,000 options were issued to Directors Mr Davies, Mr Willesee and Mr Cantor following approval by shareholders at the 2019 Annual General Meeting. A remuneration expense of \$50,400 has been recognised during the year in relation to these options which were valued using the Black Scholes model with the following inputs:

	Unlisted options
Number of options in series	6,000,000
Grant date share price	\$0.014
Exercise price	\$0.0189
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Interest rate	1.00%

¹ Directors' fees for Mr Mark Davies and Mr Winton Willesee have not been paid since they were appointed on 16th April 2019. Mr David Cantor's director fees have not been paid since August 2018 and Mr Peter Griffiths consultancy fees have not been paid since November 2018.

The amount payable as at 30 June 2020 to Mr Davies is \$62,833.

DIRECTORS' REPORT

The amount payable as at 30 June 2020 to Mr Willesee is \$48,454.

The amount payable as at 30 June 2020 to Mr Griffiths is \$240,288.

The amount payable as at 30 June 2020 to Mr Cantor is \$36,667.

The Company's shareholders have today approved the conversion of \$283,500 of debt owed to the directors to equity and may agree to do so again in the future.

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

DIRECTORS' REPORT

Key Management Personnel Compensation

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

Chief Executive Officer – Peter Griffiths	
Fixed Remuneration	€160,000 per annum payable monthly.
Contract Duration	Initial fixed term to 30 November 2019, then ongoing.
Notice period for Termination	6 months' notice after 30 November 2019.
Variable Remuneration	<p>The CEO will be entitled to an increased Fee and a performance bonus if the following revenue targets are achieved:</p> <ul style="list-style-type: none">- Less than €2,000,000 in revenue in a financial year - a Fee entitlement of €160,000 (ie. no Fee increase) and a performance cash bonus of €40,000;- €2,000,000 or more, but less than €5,000,000 in revenue in a financial year - a Fee entitlement of €200,000 and a performance cash bonus of €100,000;- €5,000,000 or more, but less than €8,000,000 in revenue in a financial year - a Fee entitlement of €280,000 and a performance cash bonus of €120,000; and- €8,000,000 or more in revenue in a financial year - a Fee entitlement of €300,000 and a performance cash bonus of €200,000. <p>The revenue targets are in respect of consolidated annual revenue (calculated in accordance with applicable accounting standards) of the Neurotech Group in any financial year (i.e. a 12-month period ending 30 June) during the term of the agreement.</p>
Share based payment	<p>Pursuant to his consultancy services agreement, Mr Griffiths has been awarded the following Options in the Company:</p> <p>Tranche 1: 6,500,000 Options exercisable at \$0.0589 and valued as at the date of the shareholder approval at a value of \$71,221.</p> <p>Tranche 2: 5,429,754 Options exercisable at \$0.0199 and valued as at the date of the shareholder approval at a value of \$76,074.</p> <p>The Options will expire on the earlier of the 5th anniversary of the date on which the Options are granted and the date of termination of the agreement by reason of Bad Leaving, if applicable. One third of these options vest immediately with the remaining value to vest over the period from the commencement of service, 1 December 2018 to 1 December 2020. These Options were issued following shareholder approval at the 2019 Annual General Meeting.</p>
Other amounts payable	Secretarial & administrative services €12,000 per annum, Health insurance €3,000 per annum and travel insurance €2,000 per annum.

DIRECTORS' REPORT

Equity Instruments Disclosure Relating to Key Management Personnel

Shares:

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

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
Directors					
Mark Davies	-	-	-	-	-
Peter Griffiths	7,292,378	-	-	-	7,292,378
David Cantor	142,857	-	-	-	142,857
Winton Willesee	337,906	-	-	-	337,906

Options

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

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
Mark Davies	-	2,000,000	-	-	2,000,000
Peter Griffiths	4,695,124	11,929,754	-	-	16,624,878
David Cantor	-	2,000,000	-	-	2,000,000
Winton Willesee	-	2,000,000	-	-	2,000,000

DIRECTORS' REPORT

Voting and comments made at the Group's 2019 Annual General Meeting

The Group received a 96.4% "yes" votes on its remuneration report for the 2019 financial year (2018: 76.7% yes). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Transactions with Related Parties

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

For the year ended 30 June 2020 the aggregate amount recognised during the year relating to Directors, Key Management Personnel and their related parties were as follows.

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)
Winton Willesee (Director and Shareholder (via an associated entity) of Azalea Consulting Pty Ltd)	Corporate administration services	40,950	8,970	29,250	5,850
Winton Willesee (Director and Shareholder (via an associated entity) of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	18,625	-	966	2,277
Tribus Pty Ltd	Corporate administration services	-	82,500	-	-
Total		59,575	91,470	30,216	8,127

Payments to Azalea Consulting Pty Ltd (director related entity of Winton Willesee) for corporate administration services including company secretarial and accounting services and front and registered office services. Payments to Valle Corporate Pty Ltd (director related entity of Winton Willesee) for bookkeeping and financial reporting services fees.

This is the end of the Audited Remuneration Report.

DIRECTORS' REPORT

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) Indemnification

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

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

(b) Insurance Premiums

During the year ended 30 June 2020, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NON-AUDIT SERVICES

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

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

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

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

	30 June 2020 (\$)	30 June 2019 (\$)
Other Services		
BDO Corporate Finance	1,168	2,006
Total remuneration for other services	1,168	2,006

SHARES

As at the date of this report there are 215,215,629 ordinary shares on issue.

DIRECTORS' REPORT

OPTIONS

All options granted confer a right of one ordinary share for every option held.

The Group has the following unlisted options on issue as at 30 June 2020:

Grant Date	Expiry Date	Exercise Price	Balance at end of the year	Vested and exercisable
		(\$)	Number	Number
09/05/2016	30/11/2020	\$0.20	7,899,314	7,899,314
03/04/2016	30/11/2020	\$0.20	466,000	466,000
28/10/2016	30/11/2020	\$0.20	2,529,076	2,529,076
25/02/2019	31/03/2021	\$0.06	26,122,966	26,122,966
18/11/2019	18/11/2024	\$0.0589	6,500,000	4,333,333
18/11/2019	18/11/2024	\$0.0199	5,429,754	3,619,836
18/11/2019	18/11/2022	\$0.0189	6,000,000	6,000,000
18/11/2019	18/11/2022	\$0.0189	4,000,000	4,000,000
03/03/2020	31/01/2023	\$0.0084	3,987,832	3,987,832
06/04/2020	31/01/2023	\$0.005	75,483,928	75,483,928
			138,418,870	134,442,285

The options issued on 18 November 2019 were all approved by Shareholders at the Annual General Meeting held on that date.

The options issues on 3 March 2020 and 6 April 2020 were issued pursuant to the conversion of \$300,000 of Convertible Notes.

DIVERSITY

	Number of Females
Female employees in the whole organisation	4
Females in Senior Executive Positions	1
Females on the Board	-

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

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 22.

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.

A handwritten signature in black ink, appearing to be 'W. Willesee', written over a faint, illegible stamp or background.

Winton Willesee

Non-Executive Director

Dated at Perth, Western Australia, 31 August 2020

CORPORATE GOVERNANCE

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

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

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

INSERT BDO AUDIT INDEPENDENCE DECLARATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED	
		30 June 2020 (\$)	30 June 2019 (\$)
CONTINUING OPERATIONS			
Revenue	3	77,366	194,556
Other income	4	4,730	59,236
Cost of sales	5	(3,001)	(363,744)
Professional consultant and advisory expenses		(115,459)	(279,793)
Professional legal expenses		(34,537)	(85,921)
Corporate and administration expenses		(509,798)	(810,257)
Depreciation and amortisation expenses	1(d)	(81,082)	-
Finance expenses	5	(423,674)	(2,006)
Advertising and marketing expenses		(18,427)	(203,046)
Impairment expense	5	-	(2,012,274)
Employee benefits expense		(487,794)	(903,169)
Research expense		-	(19,982)
Share based payments expense	6	(45,298)	(105,559)
Equipment and materials direct cost		(51,893)	(85,764)
Other expenses		(24,572)	(184,485)
LOSS BEFORE INCOME TAX		(1,713,439)	(4,802,208)
Income tax benefit	7	-	-
LOSS AFTER INCOME TAX		(1,713,439)	(4,802,208)
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(10,067)	54,280
Total comprehensive loss for the period		(1,723,506)	(4,747,928)
Basic loss per share (cents per share)	23	(1.11)	(4.06)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	CONSOLIDATED	
		30 June 2020 (\$)	30 June 2019 (\$)
CURRENT ASSETS			
Cash and cash equivalents	10	12,358	474,682
Trade and other receivables	11	61,691	178,066
Right of use asset	12	6,756	-
TOTAL CURRENT ASSETS		80,805	652,748
TOTAL ASSETS		80,805	652,748
CURRENT LIABILITIES			
Trade and other payables	13	672,897	229,260
Short-term borrowings	14	46,582	126,075
Lease liability		7,619	-
TOTAL CURRENT LIABILITIES		727,098	355,335
TOTAL LIABILITIES		727,098	355,335
(NET ASSET DEFICIENCY)/NET ASSETS		(646,293)	297,413
EQUITY			
Contributed Equity	15	15,498,123	15,099,925
Reserves	16	1,758,820	1,378,507
Accumulated Losses	17	(17,903,236)	(16,181,019)
TOTAL (DEFICIENCY IN EQUITY)/EQUITY		(646,293)	297,413

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity (\$)	Accumulated Losses (\$)	Capital Reserve (\$)	Share-based Payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
FINANCIAL YEAR ENDED 30 JUNE 2020						
Balance at 1 July 2019	15,099,925	(16,181,019)	-	1,290,889	87,618	297,413
Adoption of AASB16 - Leases – Note 1(d)	-	(8,778)	-	-	-	(8,778)
(Loss) for the year	-	(1,713,439)	-	-	-	(1,713,439)
Exchange Difference	-	-	-	-	(10,067)	(10,067)
Total comprehensive (loss)	-	(1,713,439)	-	-	(10,067)	(1,723,506)
Transactions with equity holders in their capacity as equity holders						
Conversion of convertible notes – Note 5	405,335	-	-	261,083	-	666,418
Shares Issued to Directors	-	-	-	-	-	-
Share based payments – Note 6	-	-	-	129,297	-	129,297
Share issue costs	(7,137)	-	-	-	-	(7,137)
Balance at 30 June 2020	15,498,123	(17,903,236)	-	1,681,269	77,551	(646,293)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED	
		30 June 2020 (\$)	30 June 2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		68,700	113,777
Other receipts		2,975	51,278
Payments to suppliers and employees		(753,832)	(2,714,059)
Interest paid		(2,429)	(2,006)
Interest received		1,755	7,958
NET CASH USED IN OPERATING ACTIVITIES	18	(682,831)	(2,543,052)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	783,689
Proceeds from issue of convertible notes		300,000	-
Payment of share issue costs		-	(74,979)
Repayment of borrowings		(79,493)	-
Proceeds from borrowings		-	96,287
NET CASH PROVIDED BY FINANCING ACTIVITIES		220,507	804,997
Net (decrease) in cash held		(462,324)	(1,738,055)
Cash and cash equivalents at beginning of financial year		474,682	2,212,737
Cash and cash equivalents at end of financial year	10	12,358	474,682

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 2020 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

Neurotech International Limited is a medical device and solutions company whose primary mission is to improve the lives of people with neurological conditions.

Through its Mente device and its associated platform, and more recently via its rights to a series of strains of cannabis, Neurotech is focused on facilitating the development of technological and other solutions for the screening and treatment of neurological disorders including autism, epilepsy and ADHD.

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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The timing of full recovery from COVID-19 on the part of our employees, customers and suppliers and the economy is uncertain at this stage. The full impact of COVID-19 and timing of easing of restrictions continues to evolve as at the date of this report. Please refer to the going concern note below for more information.

(i) Compliance with IFRS

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

The Financial Statements were approved by the Board of Directors on 31st August 2020.

(ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

(iii) Comparatives

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Going Concern

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

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

For the year ended 30 June 2020 the Group made an operating loss of \$1,713,439 (2019: loss of \$4,802,208), had cash outflows from operating activities of \$682,831 (2019: \$2,543,052) and a cash balance of \$12,358 (2019: \$474,682).

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The full impact of COVID-19 and timing of easing of restrictions continues to evolve. At the date of this report, it is uncertain what the effect will be on the group and potentially it will have a post balance date impact as disclosed in Note 20.

The consolidated entity's ability to continue as a going concern is dependent on one or more of the following factors, raising further capital at the parent or project level, material increases in sales of its Mente devices and associated revenue and/or sales of assets along with reducing costs and the cash impact of its costs.

These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

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

- (i) the Company has agreed terms for tranche two of a placement with a value of \$338,750 which was approved by shareholders today;
- (ii) the Company will have refreshed capacity under the Listing Rules to undertake further capital raisings and the directors are confident that capital will be accessible;
- (iii) the Company will seek to access funding for its activities at the project level via investments or grants or a combination of both;
- (iv) The Company's shareholders have approved the conversion of \$283,500 of debt owed to the directors to equity, and may agree to do so again in the future;
- (v) the consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure;
- (vi) The group has obtained confirmation from related parties to defer amounts payable as at 30 June 2020 until the group has sufficient funds to repay the debts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Impact of the adoption of new Accounting Standards

The Group has adopted AASB 16 Leases using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of AASB 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate of 5% as of 1 July 2019. The reclassification and the adjustments from the new leasing standard were material to the Group with an adjustment recognised to the financial statements.

The financial effect of the adoption of AASB16 is as follows:

	CONSOLIDATED At 1 July 2019 (\$)
Transitional re-classification	
Recognition of right of use asset	405,408
Recognition of accumulated depreciation	(317,570)
Recognition of lease liability	(96,616)
Adjustment to reduce retained earnings	(8,778)

	CONSOLIDATED 30 June 2020 (\$)
Impact on current period Statement of Financial Performance	
Increase in depreciation expense	81,082
Increase in finance costs	2,429
Reduction in operating (rental) expenses	(91,426)
Net increase (decrease) in profit	(7,915)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Convertible Notes

Convertible notes were issued by the Company during the year, which include the option to convert the instrument into a number of shares in the Company. The convertible notes were initially recognised as financial liabilities at fair value. On initial recognition, the fair value of the convertible notes equates to the proceeds received and subsequently, the convertible loans are measured at fair value. The movements are recognised on the statement of profit or loss as finance costs, except to the extent the movement is attributable to changes in the company's own credit status, in which case the movement is recognised in other comprehensive income. Costs incurred in entering the convertible notes are expensed as incurred.

(e) 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.

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) Share based payments

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

(ii) Accounting for Convertible Note Subscription Agreement

The Group's assessment of the accounting treatment for the convertible notes issued during the year and the fair value of options issued on conversion of the notes involved significant estimates and judgments. Refer to Note 5 for further details.

(iii) Treatment of costs incurred for Research and Development

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

(iv) Going Concern

The Group's consideration of the basis for going concern is detailed in Note 1 of this Report. The Group is confident in its ability to access capital as it is required and in its relationship with its creditors to manage meeting any obligations it may have in a manner acceptable to its creditors.

(f) 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 2020 and the results of all subsidiaries for the year ended 30 June 2020. All intercompany balances and transactions between the Group and the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

Subsidiaries

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

In the Company's Financial Statements, investments in subsidiaries are carried at cost. The Financial Statements of the subsidiary are prepared for the same reporting period as the Group, using consistent accounting policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Foreign Currency translation

Functional and presentation currency

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

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

Foreign currency transactions and balances

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

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

Translation of Foreign Operations

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

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

(h) Revenue recognition

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

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

(i) Other income

Interest Income

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

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

credited to profit or loss on a straight-line basis over the expected lives of the related assets.

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

(j) 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.

(k) Income Tax Expenses or Benefit

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

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

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

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

(l) Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(m) 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.

(n) Trade and Other Receivables

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

(o) Financial Assets

Classification

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

Measurement

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

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

(p) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(q) Intangible assets

Project Development Costs

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

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

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

Patents and trademarks

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

(r) Trade and Other Payables

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

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

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

(s) Borrowings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(t) Employee Benefits

Short term Employee Benefit Obligations

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

Other long-term Employee Benefit Obligations

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

Termination Benefits

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

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

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

(u) Share-based payments

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

Shares

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

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). Upon vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital. The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

Share rights

The value of share rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). In the year in which the share rights become vested, the value of share rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital. The basis for the value recognised for each share right is the price at the time when the terms of the grant are agreed between the Group and the counter party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share options

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

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

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

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

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

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

(w) 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.

(x) Earnings or Loss per share

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

(y) Fair Value

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(z) 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.

2. Segment Information

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Sales Mente Products	77,366	194,556
	77,366	194,556

4. OTHER INCOME

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Shipping of Sales Products	2,975	2,990
Interest Income	1,755	7,958
Government Grants	-	48,288
	4,730	59,236

5. EXPENSES

Cost of sales expenses

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Cost of units sold (Mente Products)	31,483	62,512
Mente 3 production rejects	-	10,566
	31,483	73,078
Obsolete stock written off (back)	(28,482)	290,666
	3,001	363,744

Finance expenses

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Interest – bank overdraft	2,809	2,006
Finance expense - leases	2,429	-
Finance expense - Convertible Notes	418,436	-
	423,674	2,006

The Group issued convertible notes with a face value of \$300,000 that were subsequently converted to shares and options during the year and a finance expense was recognised based on the fair value of equity instruments issued in excess of the face value of the convertible notes as noted below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Conversion of Convertible Notes

On 8 October 2019 the Company issued 300,000 Convertible Notes with an expiry date of 31 December 2021.

The key terms of the Convertible Notes are as follows:

Maturity date:	31 December 2021
Face value:	\$1.00
Interest rate:	8% per annum calculated daily from advanced date

Holders may elect to convert at any time prior to the maturity date at a conversion price of the lesser of \$0.02 per share or a 10% discount to the 5-day VWAP of trading on ASX up to but not including the day of the issue of the conversion notice.

For each share issued there will be an attaching option with an exercise price of 130% of the conversion price and with an expiry date of 31 January 2023.

On 3 March 2020 Convertible Notes with a face value of \$25,000 were converted, resulting in the issue of 3,987,832 shares at \$0.0065 (With a fair value of \$0.007 in accordance with accounting standards). The difference between the fair value of equity issued (\$27,915) and the debt settled (\$25,000) was recognised as a finance cost in the consolidated statement of profit or loss and other comprehensive income totalling \$2,915. In addition, under the convertible note agreement 3,987,832 options were issued with an exercise price of \$0.0084 expiring 31 March 2023. The options were valued at \$17,373 using Black-Scholes option pricing model with a volatility of 110%.

On 6 April 2020 Convertible Notes with a face value of \$275,000 were converted, resulting in the issue of 75,483,928 shares at \$0.003793 (With a fair value of \$0.005 in accordance with accounting standards). The difference between the fair value of equity issued (\$377,420) and the debt settled (\$275,000) was recognised as a finance cost in the consolidated statement of profit or loss and other comprehensive income totalling \$102,420. In addition, under the convertible note agreement 75,483,928 options were issued with an exercise price of \$0.005 expiring 31 January 2023. The options were valued at \$243,710 using Black-Scholes option pricing model with a volatility of 110%.

The total value of the options issued was \$261,083 and has been recognised as a finance expense.

There were 4,000,000 options issued to advisors at a value of \$33,600 in addition to a capital raising fee of \$18,419 by the Group during the year for a fee managing and arranging the \$300,000 Convertible Note issue and were valued using the Black Scholes model with the following inputs:

	Unlisted options
Number of options in series	4,000,000
Grant date share price	\$0.014
Exercise price	\$0.0189
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Interest rate	1.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment expense

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Write down of the value of Mente Products	-	2,012,274
	-	2,012,274

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

6. 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.

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Expense recognised for the year for options previously issued to Peter Griffiths	45,298	91,654
Expense recognised for share rights issued to former directors	-	13,905
	45,298	105,559

Options issued to Peter Griffiths

The share-based payments expense for the year ended 30 June 2020, include an amount of \$45,298 representing the continued vesting of the options issued to the Group's CEO Peter Griffiths on 1 December 2018. The issue of options was approved by shareholders at the November 2019 Annual General Meeting.

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

Input	Tranche 1	Tranche 2	Total
Number of options	6,500,000	5,429,754	11,929,754
Underlying share price	\$0.0190	\$0.0190	
Exercise price	\$0.0589	\$0.0199	
Expected volatility	100%	100%	
Expiry date (years)	5.0	5.0	
Expected dividends	-	-	
Risk free rate	1.03%	1.03%	
Value	\$71,221	\$76,074	\$147,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Name	No. of options	2020 Expense \$	2019 Expense \$
Peter Griffiths (Tranche 1)	6,500,000	21,903	44,317
Peter Griffiths (Tranche 2)	5,429,754	23,395	47,337
Total	11,929,754	45,298	91,654

During the year ended 30 June 2020 6,000,000 options were issued to Directors on 19 November 2019 and were approved by shareholders at the 2019 Annual General Meeting. A remuneration expense of \$50,400 has been recognised during the year in relation to these options which were valued using the Black Scholes model with the following inputs:

	Unlisted options
Number of options in series	6,000,000
Grant date share price	\$0.014
Exercise price	\$0.0189
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Interest rate	1.00%

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2020 are provided in the Remuneration Report on pages 11 to 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

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

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

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019(\$)
The numerical reconciliation between tax expense and the accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (loss) before income tax	(1,713,439)	(4,802,208)
Income tax benefit calculated at the Group's statutory income tax rate of 27.5% (2019: 27.5%)	(471,196)	(1,320,607)
Tax effect of non-deductible expenses	126,726	-
Tax losses not brought to account	344,470	1,320,607
Income tax benefit	-	-

The total tax losses not brought to account are at estimated at \$4,032,377 (2019: \$2,779,758).

The benefit for tax losses will only be obtained if:

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

8. FINANCIAL RISK MANAGEMENT

i. Overview

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Group holds the following financial instruments:

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Financial assets		
Cash and cash equivalents	12,358	474,682
Trade and other receivables	59,511	30,621
	71,869	505,303
Financial Liabilities		
Trade and other payables	672,897	229,260
Borrowings	46,582	126,075
Lease liability	7,619	-
	727,098	355,335

ii. Financial Risk Management Objectives

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

iii. Credit Risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Trade receivables		
<i>Counterparties without external credit rating, past due but not impaired</i>		
Existing customers (more than 6 months) with no defaults in the past	-	1,777
<i>Counterparties without external credit rating, past due and impaired</i>		
Gross Value	73,893	80,779
Doubtful Debt Provision	(65,317)	(80,779)
Net Value	8,666	-
	8,576	1,777
Other receivables		
Security Deposit	26,685	28,844
Other receivables	24,160	-
	50,845	28,844
Total trade and Other receivables	59,421	30,621
Cash at bank and Commercial Bills **		
Cash at bank – St George Bank and Bank of Valletta Plc.	11,924	474,312
Petty cash account	434	370
	12,358	474,682

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

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

iv. Liquidity Risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contractual maturities of financial liabilities	Less than 6 months (\$)	6 – 12 months (\$)	More than 12 months (\$)	Total (\$)	Carrying Amount (\$)
Group - at 30 June 2020					
Trade payables	664,534	-	-	664,534	664,534
Borrowings	46,583	-	-	46,583	46,583
Total	711,117	-	-	711,117	711,117
Group - at 30 June 2019					
Trade payables	154,220	-	-	154,220	154,220
Borrowings	126,075	-	-	126,075	126,075
Total	280,295	-	-	280,295	280,295

The Group has an unsecured General Banking Facility of €60,000 (\$98,183) by Bank of Valletta P.L.C., which was drawn to €28,467 (\$46,583) at 30 June 2020.

v. Market Risk

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

vi. Foreign Exchange Risk

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

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2019: nil). The subsidiaries of the of the Parent Entity, which have a functional currency of the Euro (EUR) have no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2019: nil).

vii. Interest Rate Risk

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

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

Profile

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Variable Rate Instruments

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Financial Assets	12,358	474,682
Financial Liabilities	(46,583)	(78,335)
	(34,225)	396,347

As at 30 June 2020, the Group had negative net cash of A\$34,225 comprising borrowings of \$46,583 (€28,467), and cash reserves of A\$12,358 (€5,019 and A\$4,144).

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

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Bank overdrafts	5.65%	5.65%
Bank loans	-	-
Maturity of interest-bearing loans and borrowings		
Repayable on demand	46,583*	78,335*
Less than 6 months	-	-
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
5 years and over	-	-

*AUD equivalent values of borrowings denominated in Euros.

The Group's borrowings are represented by an overdraft which is repayable on demand.

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

30 June 2020

	Weighted Average Effective Interest	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	0.57%	12,358	-	12,358
Borrowings	5.65%	-	46,583	46,583

30 June 2019

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Cash Flow Sensitivity Analysis for Variable Rate Instruments

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

	Number of basis points
Cash and cash equivalents	25
Borrowings	100

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

9. CAPITAL MANAGEMENT

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

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

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

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

10. CASH AND CASH EQUIVALENTS

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

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Cash at Bank and on hand	12,358	474,682
	12,358	474,682

No amount of the Group's Cash at bank and on hand is restricted (30 June 2019: Nil). Refer to Note 8 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Trade receivables	73,983	82,555
Provision for non-recovery	(65,317)	(80,778)
Net Trade receivables	8,666	1,777
Security Deposits	26,485	28,844
GST/VAT/Sales Tax Receivable	24,160	138,171
Prepayments	2,380	9,274
	61,691	178,066

12. RIGHT OF USE ASSET

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Right of use asset	405,408	-
Accumulated depreciation	(398,652)	-
	6,756	-

13. PAYABLES

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Trade payables	664,534	154,220
Accrued expenses	8,363	75,040
	672,897	229,260

14. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Current Borrowings		
Bank overdrafts	46,582	78,335
Loan from Director related entity	-	47,740
	46,582	126,075

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2020 (Shares)	2019 (Shares)	2020 (\$)	2019 (\$)
Ordinary Shares	215,215,629	135,743,869	15,498,123	15,099,925
Total Share Capital	215,215,629	135,743,869	15,498,123	15,099,925

(a) Movements of share capital during the year

Date	Details	No of shares	Issue price (\$)	\$
Opening Balance as at 01/07/2018		109,012,046		14,309,941
03.12.2018	Issued to Wolfgang Storf	466,000	0.16	74,560
04.12.2018	Issued to David Cantor	142,857	0.047	6,714
25.02.2019	Issue of shares pursuant to prospectus	26,122,966	0.03	783,689
25.02.2019	Cost of Share Issue			(74,979)
Closing Balance as at 30/06/2019		135,743,869		15,099,925

Date	Details	No of shares	Issue price (\$)	\$
Opening Balance as at 01/07/2019		135,743,869		15,099,925
03.03.2020	Issue of shares pursuant to conversion of Convertible Note	3,987,832	0.007	27,915
06.04.2020	Issue of shares pursuant to conversion of Convertible Note	75,483,928	0.005	377,420
06.04.2020	Cost of Share Issue			(7,137)
Closing Balance as at 30/06/2020		215,215,629		15,498,123

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. OTHER RESERVES

	CONSOLIDATED		
	Capital Reserve (\$)	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)
Balance at 30 June 2018	74,560	1,192,044	33,338
Foreign exchange movement	-	-	54,280
Issue of shares to Directors	(74,560)	13,905	-
Issue of options to Directors	-	91,654	-
Issue of shares to Directors	-	(6,714)	-
Balance at 30 June 2019	-	1,290,889	87,618
Foreign exchange movement	-	-	(10,067)
Share based payments	-	390,380	-
Balance at 30 June 2020	-	1,681,269	77,551

(a) Capital Reserve

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

(b) Share-based payments Reserve

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

(c) Foreign Currency Reserve

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

17. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Accumulated (loss) at the beginning of the year	(16,181,019)	(11,378,811)
Adjustment for the adoption of AASB16 Leases	(8,778)	-
Comprehensive (loss) attributable to shareholders	(1,713,439)	(4,802,208)
Accumulated (loss) at the end of the year	(17,903,236)	(16,181,019)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
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	(1,713,439)	(4,802,208)
Depreciation & amortisation	81,082	-
Share based payment	129,297	105,559
Finance charges – Convertible Note	366,418	-
Lease payments	(91,426)	-
Impairment of intellectual property	-	1,640,641
Fixed assets write off	-	374,200
Changes in assets & liabilities		
Decrease in trade and other receivables	116,375	130,107
(Increase)/Decrease in inventories	-	70,981
Increase/(Decrease) in trade and other payables	438,929	(116,612)
Increase/(Decrease) arising from exchange rate movements	(10,067)	54,281
Cash flow used in Operating Activities	(682,831)	(2,543,052)

19. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group		Principal Activities
		2020	2019	
AAT Research Ltd	Malta	100%	100%	Parent Group of AAT Medical Ltd
AAT Medical Ltd	Malta	100%	100%	Executing medical research projects and Developing novel technological devices that are marketable

20. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As included in the Review of Operations, on 3 July 2020 the Group announced that it had secured an exclusive worldwide licence to use proprietary cannabis strains from Dolce Cann Global Pty Ltd for medicinal use in treating autism, epilepsy and ADHD.

On 3 July 2020 the Group paid a non-refundable deposit of \$50,000 to Dolce Cann under the terms of the licencing agreement, and will issue 33,000,000 ordinary shares at an issue price of \$0.005 per share together with 33,000,000 free options which were approved at the shareholder General Meeting held today 31 August 2020.

The Group has also raised \$500,000 through the issue of 100,000,000 ordinary shares at an issue price of \$0.005 per share. On 22 July 2020 32,250,000 of these ordinary shares were issued raising \$161,250 before expenses,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

with the issue of the remaining 67,750,000 ordinary shares to raise \$338,750 approved at shareholder General Meeting held today 31 August 2020. A further 5,000,000 ordinary shares at an issue price of \$0.005 per share together with 5,000,000 free options will be issued to unrelated party in lieu of professional fees relating to the licence agreement.

On 31 August 2020 shareholders approved a series of resolutions for the issue of equity in relation to the Dolce transaction, debt to equity conversions, and a capital raising.

Other than the above, no matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

21. 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 2020 (\$)	30 June 2019 (\$)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	33,182	36,977
Total remuneration for Audit and Other Assurance Services	33,182	36,977
Other Service		
Non auditing service - BDO Corporate Finance (WA) Pty Ltd	1,168	2,006
Total remuneration for Other Service	1,168	2,006

22. COMMITMENTS

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Not later than one year	7,706	92,473
Later than one year but not later than five years	-	7,706
Later than five years	-	-
TOTAL	7,706	100,179

The Group has an Office Lease Agreement in respect of a premise within the Malta Life Sciences Park in San Gwann, Malta (Office Lease) that expires on 29 July 2020. The Group has an option to extend the term for a further 5 years, but this has not been exercised and the lease terminated on 29 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. LOSS PER SHARE

The calculation of basic loss per share as at 30 June 2020 was based on the loss attributable to ordinary Shareholders of \$1,713,439 (2019: \$4,802,208) and a weighted average number of ordinary shares outstanding during the year of 154,570,880 (2019: 118,311,905).

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Basic loss per share (cents per share)	(1.11)	(4.06)
(Loss) used in the calculation of Earnings (Loss) Per Share	(1,713,439)	(4,802,208)
Weighted average number of ordinary shares	154,570,880	118,311,905

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.

24. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding as at 30 June 2020.

25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2020 and 30 June 2019, 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.

26. RELATED PARTY DISCLOSURES

Parent Entity

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

Wholly-owned Group transactions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Key Management Personnel

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Short-term employee benefits	414,177	505,334
Post-employment benefits	-	2,069
Termination benefits	-	143,537
Share-based payment	95,698	105,559
	509,875	756,499

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2020 are provided in the Remuneration Report on pages 11 to 17.

Transactions with other related parties

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

The following transaction occurred with related parties for the year ended 30 June 2020.

	CONSOLIDATED	
	30 June 2020 (\$)	30 June 2019 (\$)
Administration fee to Tribis Pty Ltd	-	82,500
Administration fee to Azalea Consulting Pty Ltd	70,200	8,970
Bookkeeping and accounting services to Valle Corporate Pty Ltd	19,591	2,277
End of period	89,791	93,747

Notes in relation to the table of related party transactions.

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

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

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

Loans to/from related parties

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

There were no other related parties' transactions to individual or Directors of the Group during the period ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARENT ENTITY INFORMATION

The following information related to the Parent Entity, Neurotech International Limited, as at 30 June 2020.

The information presented here has been prepared using accounting policies as presented in Note 1.

	30 June 2020 (\$)	30 June 2019 (\$)
Current assets	15,189	476,578
Non-current assets	-	-
Total Assets	15,189	476,578
Current liabilities	480,461	143,120
Non-current liabilities	-	-
Total Liabilities	480,461	143,120
(Net Asset Deficiency)/Net Assets	(465,272)	333,458
Loss for the year	(1,161,729)	(4,884,841)
Other comprehensive profit/(loss) for the year	-	-
Total Comprehensive Loss for the Year	(1,161,729)	(4,884,841)

There are no other separate commitments and contingencies for the parent entity other than Management commitments stated in Note 24 or the Group as at 30 June 2020.

DIRECTORS' DECLARATION

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

- (a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 23 to 57, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of their performance, for the financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial period ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Winton Willesee

Non-Executive Director

Dated at Perth, Western Australia, 31 August 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Neurotech International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Convertible Notes

Key audit matter	How the matter was addressed in our audit
<p>During the year the Group entered into a Loan and Convertible Note Subscription Agreement (“The Agreement”) under which it issued convertible notes to subscribers. The Agreement entitled note holders to receive share options upon conversion of these notes into ordinary share capital. As disclosed in Notes 1 and 5 of the financial report these notes were converted into share capital during the year and options were issued to the holders in accordance with this arrangement.</p> <p>Given the complexity of accounting for the issuance and conversion of these convertible notes, the estimates used in valuing related equity instruments and the significance of this transaction to the financial report, we consider this to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature, terms and conditions of the convertible note arrangements; • Reviewing management’s accounting treatment for the convertible notes, involving our internal technical specialists where necessary; • Reviewing management’s calculation of the fair value of equity instruments issued on conversion of the notes; • Involving our internal valuation specialists to assess the reasonableness of volatility used by management in valuing options issued under The Agreement; and • Assessing the adequacy of the related disclosures in Notes 1 and 5 of the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Neurotech International Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', written in a cursive style.

Jarrad Prue

Director

Perth, 31 August 2020

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 1 August 2020.

1. Quotation

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

2. Voting Rights

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

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

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

3. Distribution of Equity Securities:

i) Fully paid Ordinary Shares

Shares Range	Holders	Units	%
1 - 1,000	25	7,046	-
1,001 - 5,000	135	424,877	0.17
5,001 - 10,000	110	899,960	0.36
10,001 - 100,000	464	21,588,740	8.72
100,001 and above	257	224,545,006	90.75
Total	991	247,465,629	100.00%

On 1 August 2020, there were 538 holders of unmarketable parcels of less than 8,156,832 ordinary shares (based on the closing share price of \$0.01).

ii) Unlisted Options exercisable at \$0.06 on or before 31 March 2020

Shares Range	Holders	Units	%
1 - 1,000	4	184	0.00
1,001 - 5,000	18	65,101	0.25
5,001 - 10,000	10	79,918	0.31
10,001 - 100,000	38	1,653,666	6.33
100,001 and above	32	24,324,097	93.11
Total	102	26,122,966	100.00%

iii) **Unlisted Options exercisable at \$0.20 on or before 30 November 2020**

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

¹Holders who hold more than 20% of securities are:
Rhaegar Pty Ltd - 2,529,076 options

iv) **Unlisted Options exercisable at \$0.0189 on or before 18 November 2022**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	4	10,000,000 ¹	100.00
Total	4	10,000,000	100.00%

¹Holders who hold more than 20% of securities are:
Jameker Pty Ltd <AKJ Family No2 A/C> - 4,000,000 options
Seivad Investments Pty Ltd <The Davies Family A/C> - 2,000,000 options
Chincherinchee Nominees Pty Ltd - 2,000,000 options
MR David Steven Cantor - 2,000,000 options

v) **Unlisted Options exercisable at \$0.0589 on or before 18 November 2024**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	6,500,000 ¹	100.00
Total	1	6,500,000	100.00%

¹Holders who hold more than 20% of securities are:
Shimano Ventures Ltd - 6,500,000 options

vi) **Unlisted Options exercisable at \$0.0199 on or before 18 November 2024**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	5,429,754 ¹	100.00
Total	1	5,429,754	100.00%

¹Holders who hold more than 20% of securities are:
Shimano Ventures Ltd - 5,429,754 options

vii) **Unlisted Options exercisable at \$0.0084 on or before 31 January 2023**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	3,987,832 ¹	100.00
Total	1	3,987,832	100.00%

¹Holders who hold more than 20% of securities are:
Mrs Sadaf Zahra - 3,987,832 options

viii) **Unlisted Options exercisable at \$0.005 on or before 31 January 2023**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	4	75,483,928 ¹	100.00
Total	4	75,483,928	100.00%

¹Holders who hold more than 20% of securities are:
Javaler Pty Ltd <Falcon Pension A/C> - 22,645,178 options
J & J Bandy Nominees Pty Ltd <Bandy P/F A/C> - 22,645,178 options
Mr Stephen John Dobson - 15,096,786 options
Chincherinchee Nominees Pty Ltd - 15,096,786 options

4. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 1 August 2020 are:

Name: J & J Bandy Nominees Pty Ltd

Holder of: 23,344,887 fully paid ordinary shares, representing 10.85% as at 6 April 2020

Notice Received: 9 April 2020

Name: Jalaver Pty Ltd

Holder of: 22,645,178 fully paid ordinary shares, representing 10.52% as at 6 April 2020

Notice Received: 9 April 2020

Name: Bonvoyolo Pty Ltd

Holder of: 12,596,786 fully paid ordinary shares, representing 5.85% as at 6 July 2020

Notice Received: 14 July 2020

5. Restricted Securities

There are no restricted securities listed on the Company's register.

6. On market buy-back

There is currently no on market buy back in place.

7. Twenty Largest Shareholders:

The twenty largest shareholders of the Company's quoted securities as at 1 August 2020 are as follows:

	Name	No. of Shares	%
1	J & J BANDY NOMINEES PTY LTD <BANDY P/F A/C>	22,670,720	9.16
2	JALAVAR PTY LTD <FALCON PENSION A/C>	20,700,000	8.36
3	CHINCHERINCHEE NOMINEES PTY LTD	12,596,786	5.09
4	TRIBIS PTY LTD	8,738,434	3.53
5	CITICORP NOMINEES PTY LIMITED	6,774,512	2.74
6	BR CORPORATION PTY LTD	5,925,000	2.39
7	CLAYTON CAPITAL PTY LTD	5,000,000	2.02
8	SIWADE PTY LTD	4,000,000	1.62
9	MR BO HE	3,652,290	1.48
10	SURF COAST CAPITAL PTY LTD <MINNIE PENSION FUND A/C>	3,250,000	1.31
11	MISS ELISABETH JANE D'SYLVA	3,200,000	1.29
12	J & J BANDY NOMINEES PTY LTD <J & J BANDY SUPER FUND A/C>	3,000,000	1.21
13	MR ALEXANDER GRECH	2,965,624	1.20
14	EMPIRE CAPITAL PARTNERS PTY LTD	2,859,012	1.16
15	COMSEC NOMINEES PTY LIMITED	2,456,178	0.99
16	WINDELL HOLDINGS PTY LTD <THOMPSON SUPER FUND A/C>	2,315,000	0.94
17	DEMASIADO PTY LTD <DEMASIADO FAMILY A/C>	2,000,000	0.81
17	HITMASTER PTY LTD	2,000,000	0.81
17	MAX CAP INVESTMENTS PTY LTD	2,000,000	0.81
17	MR BILAL AHMAD	2,000,000	0.81
17	MR ROHAN CHARLES EDMONDSON	2,000,000	0.81
17	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	2,000,000	0.81
17	MRS SUGANDI WITHARANAGE RODRIGO	2,000,000	0.81
17	HERITAGE PACIFIC PTY LTD	2,000,000	0.81
17	ROBERT MICHAEL BAKER <ROBERT BAKER FAMILY A/C>	2,000,000	0.81
17	SABRELINE PTY LTD <JPR INVESTMENT A/C>	2,000,000	0.81
18	FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>	1,957,778	0.79
19	GIANFAM INVESTMENTS PTY LTD <MARK GIANNARELLI FAMILY A/C>	1,900,000	0.77
20	MR DUNCAN THAIN CRAIB <ERRACHT A/C>	1,753,008	0.71
	TOTAL	135,714,342	54.86%

8. Twenty Largest NTIO Listed Option Holders

The twenty largest listed option holders of the Company's quoted securities as at 1 August 2020 are as follows:

	Name	No. of Options	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,666,667	25.52
2	TRIBIS PTY LTD	3,333,334	12.76
3	SHIMANO VENTURES LTD	2,091,543	8.01
4	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,400,000	5.36
5	MR SAMUEL GERSHON JACOBS & MRS SARITA DEVI JACOBS & MISS MANEKHA BRIDGETTE JACOBS <THE PHOENIX SUPERFUND A/C>	1,000,000	3.83
5	MR Wafa MUHAMMAD IQBAL	1,000,000	3.83
6	MISS LIJIAO CHEN	744,000	2.85
7	MRS SADAF ZAHRA	690,518	2.64
8	MR BHUBAN JOSHI	609,781	2.33
9	MR DANIEL AARON HYLTON TUCKETT	609,250	2.33
10	WINDELL HOLDINGS PTY LTD <THE THOMPSON INVESTMENT A/C>	600,000	2.30
10	OFF KEY PTY LIMITED	600,000	2.30
11	SHIMANO VENTURES LTD	543,247	2.08
12	MR BILAL AHMAD	500,000	1.91
13	AVONMORE HOLDINGS GROUP LIMITED	444,420	1.70
14	MS EUNICE WILMA CARDWELL	400,000	1.53
15	MR PETER RICHARD DAY	392,701	1.50
16	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	360,000	1.38
17	DEWVER PTY LTD <BRIAN VERNON SMSF A/C>	255,000	0.98
18	MR FARBOD NASSERI	250,000	0.96
19	FENBRIDGE PTY LTD <KUNINGAN VII>	200,000	0.77
20	GA & AM LEAVER INVESTMENTS PTY LTD <GA & AM LEAVER S/FUND A/C>	185,000	0.71
	TOTAL	22,875,461	87.58%