

Neurotech International Limited
Appendix 4D
Half Year Report

1. Company details

Name of entity: Neurotech International Limited
 ACN: 610 205 402
 Reporting period: For the half-year ended 31 December 2020
 Previous period: For the half-year ended 31 December 2019

2. Results for announcement to the market

				\$000
Revenues from ordinary activities	down	15%	to	31
Loss from ordinary activities after tax attributable to the owners of Neurotech International Limited	down	375%	to	(3,623)
Loss for the period attributable to the owners of Neurotech International Limited	down	369%	to	(3,640)

The loss from ordinary activities includes \$2,454,980 of licence fee and research expenses relating to the acquisition of an exclusive worldwide licence to use proprietary cannabis strains from Dolce Cann Global Pty Ltd for medicinal use in treating autism, epilepsy and ADHD.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets / (deficiency) per ordinary security (cents)	<u>0.34</u>	<u>(0.28)</u>

4. Dividends

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

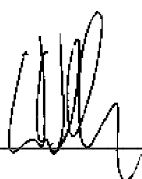
5. Audit review

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

6. Attachments

The interim financial report for the period ended 31 December 2020 is attached.

Signed



Winton Willesee
Director
26 February 2021



ACN 610 205 402

**NEUROTECH INTERNATIONAL LIMITED
CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

CONTENTS

	Page
Corporate Directory	3
Directors' Report	4
Auditors Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	20
Independent Auditor's Report	21

CORPORATE DIRECTORY

DIRECTORS

Brian Leedman (Non-Executive Chairman)
Mark Davies (Non-Executive Director)
Winton Willesee (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

Automatic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9324 2099

HOME EXCHANGE

Australian Securities Exchange Ltd
Central Park, Level 40
152-158 St Georges Terrace
PERTH WA 6000
ASX Code: NTI and NTIO

SOLICITORS

Jackson McDonald
Level 17
225 St Georges Terrace
PERTH WA 6000

BANKERS

St George Bank
Ground Floor, Central Park
152-158 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 half year ended 31 December 2020 and the auditor's review report thereon.

DIRECTORS

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

- Brian Leedman Non-Executive Chairman (appointed 19 October 2020)
- Mark Davies Non-Executive Director
- Winton Willesee Non-Executive Director
- Peter Griffiths Chief Executive Officer and Managing Director (resigned 19 October 2020)
- David Cantor Non-Executive Director (resigned 19 October 2020)

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

PRINCIPAL ACTIVITIES

Neurotech International Limited is a medical device and solutions company commercialising Mente, the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity. Concurrently it is conducting clinical studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of its proprietary NTI/Dolce cannabis strains.

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.

REVIEW OF OPERATIONS

On 3 July 2020 the Group announced that it had secured an option to acquire an exclusive worldwide licence to use proprietary cannabis strains from Dolce Cann Global Pty Ltd for medicinal use in treating autism, epilepsy and ADHD.

The Group also raised \$500,000 before expenses 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 before expenses approved at a General Meeting of shareholders held on 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 were issued on 30 September 2020 to an unrelated party for services related 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. The issues of the securities and the transaction to acquire the licence was completed on 30 September 2020.

On 19 October 2020 Brian Leedman was appointed as a director and as chairman of the Board. Brian is an experienced biotechnology entrepreneur. Concurrently Mr Peter Griffiths and Dr David Cantor resigned as directors of the Company.

On 21 December 2020 the Dolce Cann milestone 1 was successfully met and resulted in the Company issuing an additional 33,000,000 shares as per note 2.

DIRECTORS' REPORT (continued)

OPERATING RESULTS

The Group's net loss after providing for income tax for the period ended 31 December 2020 amounted to \$3,622,765 (31 December 2019: \$763,327). At 31 December 2020, the Group has \$2,019,471 cash and cash equivalents (31 December 2019: \$12,358). Refer Note 1(e) on the preparation of the financial statements on a going concern basis.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Changes in the state of affairs of the Group are outlined in the Review of Operations.

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 31 December 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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under S.307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2020.

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



Winton Willesee
Non-Executive Director
26th February 2021

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NEUROTECH INTERNATIONAL LIMITED

As lead auditor for the review of Neurotech International Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	CONSOLIDATED	
		2020 (\$)	2019 (\$)
Revenue		30,754	36,387
Other income		58	3,480
Cost of inventory		(225)	(2,919)
Professional consultant and advisory		(118,137)	(51,388)
Professional legal fees		(10,043)	(8,002)
Corporate and administration expenses		(130,556)	(279,571)
Depreciation and amortisation expense		-	(40,541)
Finance costs		(1,235)	(2,999)
Borrowing expenses		-	(52,019)
Advertising and marketing		(5,146)	(16,833)
Employee benefits expense		(191,816)	(224,677)
Licence fee expense	2	(2,173,896)	-
Research expense	3	(281,084)	-
Share based payments expense	4	(741,439)	(83,474)
Equipment and materials direct cost		-	(30,355)
Other expenses		-	(10,416)
LOSS BEFORE INCOME TAX		(3,622,765)	(763,327)
Income tax expense		-	-
LOSS AFTER INCOME TAX		(3,622,765)	(763,327)
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange Difference on translation of foreign operations		(17,353)	(12,496)
Total comprehensive loss for the period		(3,640,118)	(775,823)
Total comprehensive loss for the period is:			
Attributable to the shareholders of Neurotech International Ltd		(3,640,118)	(775,823)
Basic loss per share (cents per share)	5	(1.01)	(0.56)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	CONSOLIDATED	
		31 December 2020 (\$)	30 June 2020 (\$)
CURRENT ASSETS			
Cash and cash equivalents		2,019,471	12,358
Trade and other receivables		239,344	61,691
Right of use asset		-	6,756
TOTAL CURRENT ASSETS		2,258,815	80,805
TOTAL ASSETS		2,258,815	80,805
CURRENT LIABILITIES			
Trade and other payables		358,352	672,897
Short-term borrowings		-	46,582
Lease liability		-	7,619
TOTAL CURRENT LIABILITIES		358,352	727,098
TOTAL LIABILITIES		358,352	727,098
NET ASSETS / (NET ASSET DEFICIENCY)		1,900,463	(646,293)
EQUITY			
Contributed Equity	6	20,479,163	15,498,123
Reserves		2,947,301	1,758,820
Accumulated Loss		(21,526,001)	(17,903,236)
TOTAL (DEFICIENCY in EQUITY)/EQUITY		1,900,463	(646,293)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF-YEAR ENDED 31 DECEMBER 2020

FOR HALF YEAR ENDED 31 DECEMBER 2020

	Contributed Equity (\$)	Option Reserve (\$)	Accumulated Losses (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
Balance at 1 July 2020	15,498,123	1,681,269	(17,903,236)	77,551	(646,293)
(Loss) for the half year	-	-	(3,622,765)	-	(3,622,765)
Foreign exchange movement	-	-	-	(17,353)	(17,353)
Total comprehensive (loss) for the half year	-	-	(3,622,765)	(17,353)	(3,640,118)
Transactions with owners in their capacity as owners:					
Share issues	5,211,982	-	-	-	5,211,982
Share based payments	-	1,205,834	-	-	1,205,834
Share issue costs	(230,942)	-	-	-	(230,942)
Balance at 31 December 2020	20,479,163	2,887,103	(21,526,001)	60,198	1,900,463

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF-YEAR ENDED 31 DECEMBER 2019

FOR HALF YEAR ENDED 31 DECEMBER 2019

	Contributed Equity (\$)	Capital Reserve (\$)	Option Reserve (\$)	Accumulated Losses (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
Balance at 1 July 2019	15,099,925	13,286	1,277,603	(16,181,019)	87,618	297,413
(Loss) for the half year	-	-	-	(763,327)	-	(763,327)
Foreign exchange movement	-	-	-	-	(12,496)	(12,496)
Total comprehensive (loss) for the half year	-	-	-	(763,327)	(12,496)	(775,823)
Adoption of AASB16 - Leases – Note 1(b)	-	-	-	(8,778)	-	(8,778)
Transactions with owners in their capacity as owners:						
Share based payments to Directors	-	-	83,474	-	-	83,474
Share based payments to advisors	-	-	33,600	-	-	33,600
Share issue costs	(7,136)	-	-	-	-	(7,136)
Balance at 31 December 2019	15,092,789	13,286	1,394,677	(16,953,124)	75,122	(377,250)

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR HALF-YEAR ENDED 31 DECEMBER 2020

	CONSOLIDATED	
	31 December 2020 (\$)	31 December 2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	45,290	101,493
Payments to suppliers and employees	(933,297)	(535,833)
Finance Costs	(1,235)	(2,999)
Interest received	18	534
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(889,224)	(436,805)
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Convertible Notes	-	300,000
Proceeds from the issue of shares	3,158,982	-
Share issue costs	(208,444)	-
Repayment of lease liabilities	(7,619)	-
Repayment of borrowings	(46,582)	(126,075)
Payment of Convertible Note Issue Costs	-	(25,555)
NET CASH INFLOW FROM FINANCING ACTIVITIES	2,896,337	148,370
NET INCREASE/(DECREASE) IN CASH HELD	2,007,113	(288,435)
Cash and cash equivalents at beginning of financial year	12,358	474,682
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,019,471	186,247

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements.

It is recommended that this financial report to be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half year ended 31 December 2020 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

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

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

These half-year financial statements were approved by the Board of Directors on 26 February 2020.

(b) New or amended Accounting Standards and interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

(c) Convertible Notes

Convertible notes issued by the Group comprise notes that can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The notes include embedded derivatives (such as call options) relating to the instruments which represent the option to convert to variable number of shares in the parent entity. The Group has elected upon initial recognition of the convertible notes (including its embedded derivatives) to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition the fair value of the convertible note (including the fair value of facility costs as discussed below) will equate to the proceeds received as no gain or loss on initial recognition can be recognised per the requirements of the accounting standards AASB 9. The financial liability will subsequently be measured at fair value at each reporting period or until settlement and fair value movements will be recognised in the profit or loss as finance cost.

The fair value of the financial liability carried at fair value through profit or loss is calculated based on its conversion terms which take into account the Company's underlying share price and/or any discount feature embedded in its conversion feature.

Transactions cost incurred in entering into convertible notes carried at fair value through profit or loss in recognised in the Statement of profit or loss on inception of the notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Significant accounting judgements, estimates and assumptions

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2020.

(e) Going Concern

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

For the 6-month period ended 31 December 2020 the Group made a loss after income tax of \$3,622,765 had cash outflows from operating activities of \$889,224 and has cash and cash equivalents on hand of \$2,019,471 at the end of the period.

These conditions may indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds to believe that the Company and consolidated entity will continue as a going concern.

The Group's internal forecasts for the next twelve months take into account the current status of the business and global markets, its capital structure and possible option exercises, potential access to additional capital, projected future trading performance and support the assumption.

Nevertheless, for the reasons outlined above and other reasons, the timing and quantum of operating cash flows may vary from those forecast by management. Should the timing of operating cash flow be significantly different to those forecast, the consolidated entity may need to seek alternative financing to enable it to settle its liabilities as they fall due.

The Directors have historically been successful in obtaining financing through equity raises and are actively managing the expenditure of the Group to ensure that sufficient cash is available to support the growth strategy and are confident that should the need arise, further funding can be raised through either debt or equity.

As a result, the financial information has been prepared on a going concern basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LICENCE FEE EXPENSE

During the period the Company acquired 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. Total expenses recognised during the half-year relating to the acquisition of the Dolce rights were as follows:

	CONSOLIDATED 31 December 2020 (\$) (6 months)
Shares issued pursuant to the Prospectus dated 26 August 2020	
33,000,000 vendor shares issued at \$0.013	429,000
5,000,000 shares for transaction services issued at \$0.013	65,000
Options issued pursuant to the Prospectus dated 26 August 2020	
33,000,000 vendor options (expiry 31 January 2023 exercise price \$0.015)	383,752
5,000,000 options issued for transaction services (expiry 31 January 2023 exercise price \$0.015)	58,144
The assumption used in the valuation of these options was interest rate of 0.28% and volatility of 139%.	
Issued following achievement of the Stage 1 milestone and shareholder approval at the General Meeting held on 22 December 2020	
33,000,000 vendor shares issued at \$0.036	1,188,000
Cash consideration to vendor	50,000
Total licence fee expense	2,173,896

The share issue expense of \$1,682,000 was calculated using the closing share price applicable on the date the shares were issued. The option expense of \$441,896 was calculated under the Black-Scholes option valuation model.

The Stage 1 milestone was achieved following the successful stage 1 in vitro assay assessments being completed.

The Stage 2 milestone is the completion of successful stage 1 clinical trials. Upon completion of this milestone, Dolce Cann will be issued 33,000,000 fully paid ordinary shares in the Company.

As at the date of this report, due to the early stage of clinical trials it is not practical for the Directors to determine the value of any future share payment in respect to the Stage 2 milestone.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. RESEARCH EXPENSE

	CONSOLIDATED 31 December 2020 (\$) (6 months)
Product development & formulation	235,038
Clinical programme	15,500
Regulatory programme	2,536
Plant production & breeding program	28,010
Total research expense	281,084

4. SHARE BASED PAYMENTS EXPENSE

Total expenses arising from share-based payment transactions recognised during the half year were as follows:

	CONSOLIDATED	
	31 December 2020 (\$) (6 months)	31 December 2019 (\$) (6 months)
Options issued to consultants		
Corporate services	202,487	-
Options issued to Directors		
Options – Brian Leedman	431,617	-
Options – Peter Griffiths	34,927	33,074
Options – Mark Davies	36,204	16,800
Options – Winton Willesee	36,204	16,800
Options – David Cantor	-	16,800
Total share-based payments expense	741,439	83,474

Options issued to consultants

On 22 December 2020, following approval by shareholders at a General Meeting on the same date, the Company issued 9,000,000 options for the provision of corporate services, accounted for as an expense of \$202,487 plus 1,000,000 options to the lead manager accounted for as share issue costs. The value of these services was unable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

to be reliably measured and their options have therefore been valued using the using the fair value of the equity instruments granted.

The unlisted options issued were 10,000,000 options with an expiry of 22/12/2022 and an exercise price of \$0.03. The assumption used in the valuation was interest rate of 0.09% and volatility of 116%.

Options issued to directors

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

The share-based payments expense in the previous period included an amount of \$33,074 representing the continued vesting of the options issued to the Group's CEO Peter Griffiths on 1 December 2018.

In addition, 28,000,000 options were issued to Directors on 22 December 2020 following approval by shareholders at a General Meeting on the same date. An expense of \$504,025 calculated under the Black-Scholes option valuation model has been recognised in the current period in relation to these options. The interest rate and volatility is noted against each issue.

The unlisted options issued were as follows:

Brian Leedman – 10,000,000 options with an expiry of 31/10/2023 and an exercise price of \$0.015. Interest rate 0.11% and volatility of 112%.

Brian Leedman – 10,000,000 options with an expiry of 31/10/2023 and an exercise price of \$0.02. Interest rate 0.11% and volatility of 112%.

Mark Davies – 2,000,000 options with an expiry of 31/10/2023 and an exercise price of \$0.038. Interest rate 0.11% and volatility of 112%.

Winton Willesee – 2,000,000 options with an expiry of 31/10/2023 and an exercise price of \$0.038. Interest rate 0.11% and volatility of 112%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LOSS PER SHARE

The calculation of basic loss per share for the period ended 31 December 2020 was based on the loss attributable to ordinary shareholders of \$3,622,765 (31 December 2019: \$763,327) and a weighted average number of ordinary shares outstanding at the end of the period of 561,035,737 (31 December 2019: 135,743,869).

	CONSOLIDATED	
	31 December 2020 (\$) (6 months)	31 December 2019 (\$) (6 months)
Basic loss per share (cents per share)	(1.01)	(0.56)
a) Reconciliation of earnings to operating loss		
Loss attributable to ordinary shareholders after tax	(3,622,765)	(763,327)
Loss used in the calculation of EPS	(3,622,765)	(763,327)
b) Weighted average number of ordinary shares (WANOS) outstanding during the half year		
WANOS used in calculating basic loss per share	561,035,737	135,743,869

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. CONTRIBUTED EQUITY

	No. of shares	Issue price (\$)	Contributed Equity (\$)
Balance as at 1 July 2020	215,215,629		15,498,123
Placement Tranche 1	32,250,000	\$0.005	161,250
Placement Tranche 1	97,000,000	\$0.022	2,134,000
Placement Tranche 2	67,750,000	\$0.005	338,750
Placement Tranche 2	16,636,363	\$0.022	366,000
Shares issued to Directors in lieu of cash	35,349,127	\$0.008	283,500
Vendor shares issued to Dolce Cann	33,000,000	\$0.015	429,000
Vendor shares issued to Crown Luggers	5,000,000	\$0.005	65,000
Exercise of options	15,096,786	\$0.005	75,484
Exercise of options	3,987,832	\$0.0084	33,498
Exercise of options	5,000,000	\$0.01	50,000
Shares issued to Dolce Cann for Stage 1 milestone	33,000,000	\$0.036	1,188,000
Shares issued for professional services	1,750,000	\$0.05	87,500
Less share issue costs			(230,942)
Balance as at 31 December 2020	561,035,737		20,479,163

7. OPTION RESERVE

	No. of options	Option value (\$)	Option Reserve (\$)
Balance as at 1 July 2020	138,418,870		1,681,269
Options issued to Dolce Cann	33,000,000	\$0.01	383,752
Options issued to Crown Luggers	5,000,000	\$0.01	58,144
Exercise of options	(15,096,786)	\$0.005	-
Expiry of options	(10,894,390)	\$0.015	-
Exercise of options	(5,000,000)	\$0.015	-
Exercise of options	(3,987,832)	\$0.0084	-
Options issued to Directors	10,000,000	\$0.015	221,896
Options issued to Directors	10,000,000	\$0.02	209,721
Options issued to Directors	4,000,000	\$0.38	72,408
Options issued to Max Capital	10,000,000	\$0.03	224,986
Vesting of share-based payments	-	-	34,927
Balance as at 31 December 2020	175,439,862		2,887,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. CONTINGENT LIABILITIES

As part of the agreement for the Company 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, Dolce (or its 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.

As at the date of this report, due to the early stage of clinical trials it is not practical for the Directors to determine the value of any future royalty payments.

Other than the above, the Directors are not aware of any circumstances or information, which leads them to believe there are any material contingent liabilities outstanding as at 31 December 2020.

9. 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 31 December 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.

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

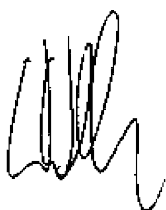
No matters or circumstances have occurred subsequent to reporting date that would have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

In the opinion of the directors of Neurotech International Ltd:

1. The financial statements and notes set out on pages 7 to 19, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the half year ended on that date;
 - (b) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting, the Corporation Regulations 2001 and the mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Winton Willesee
Non-Executive Director
26th February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neurotech International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



Material uncertainty relating to going concern

We draw attention to Note 1(e) 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', written over the printed name. The signature is written in a cursive style.

Glyn O'Brien

Director

Perth, 26 February 2021