

Appendix 4E

For the financial year ended 30 June 2018

This information should be read in conjunction with Neurotech International Limited's 2018 Annual Report (which includes the 2018 Financial Report)

Details of Entity, Reporting Period

Name of Entity	NEUROTECH INTERNATIONAL LIMITED
ACN	610 205 402
Financial Year Ended	12 months ended 30 June 2018
Previous Corresponding Reporting Period	12 months ended 30 June 2017

Results for Announcement to the Market¹

	\$	Percentage increase/ (decrease) over previous corresponding period
Revenue from ordinary activities²	59,932	(45%)
Loss from ordinary activities after tax attributable to members²	(3,990,293)	(1%)
Net loss attributable to members²	(3,990,293)	(1%)

Dividends (distributions)	Amount per security	Franked amount per security
2018 Final Dividend	Nil	Nil
2017 Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

An explanation of the above results is included in the ASX release of 31 August 2018 and the 2018 Annual Report. Refer to the Review of Operation in 2018 Annual Report for further commentary on the results for the year ended 30 June 2018.

¹This report is based on 2018 audited accounts

²Comparisons are made to the financial year ended 30 June 2017 (12 months)

Neurotech

ACN 610 205 402



NEUROTECH INTERNATIONAL LIMITED

ANNUAL REPORT - 30 JUNE 2018

CONTENTS

	PAGE
CORPORATE DIRECTORY	3
CHAIRMANS LETTER	4
DIRECTORS' REPORT	5
REVIEW OF OPERATIONS	5
CORPORATE GOVERNANCE	28
AUDITORS INDEPENDENCE DECLARATION	29
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	30
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	32
CONSOLIDATED STATEMENT OF CASH FLOWS	34
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	35
DIRECTORS' DECLARATION	82
INDEPENDENT AUDIT REPORT	83
ASX ADDITIONAL INFORMATION	87

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Fleur Hudson

REGISTERED AND PRINCIPAL OFFICE

Level 14
191 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9321 5922

Facsimile: (08) 9321 5932

Website: www.neurotechinternational.com

Email: info@neurotechinternational.com

AUDITORS

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

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: 1300 992 916

Facsimile: (08) 9315 2233

HOME EXCHANGE

Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
PERTH WA 6000
ASX Code: NTI

SOLICITORS

Jackson McDonald
Level 17
225 St Georges Terrace
PERTH WA 6000

BANKERS

St George Bank
Level 2, Westralia Plaza
167 St Georges Terrace
PERTH WA 6000

CHAIRMANS LETTER

Dear Shareholders,

Welcome to the 2018 Annual Report for Neurotech International Limited (ASX: NTI), marking our first full year of operation since our listing on the Australian Securities Exchange in 2016. It has been a productive year for Neurotech in which we achieved several major milestones, giving us a clearer picture of our path to future success.

With one in 68 children having some form of Autism Spectrum Disorder (ASD) and no known cure, Neurotech's technology aims to provide a solution that manages and reduces autism symptoms, lowers the risk of additional developmental delays and improves quality of life for those with ASD and their families.

Notably, the positive impact of our Mente Autism device received validation during the year with the completion of an independent clinical trial in the United States, which produced outstanding results. Carried out by Florida's Carrick Institute, the trial was a randomised, controlled, double-blind investigation of 34 participants, aged five to 17, that compared Mente Autism with a control (sham) device over 12 weeks. It found Mente Autism significantly improved cognitive, postural and behavioural outcomes for participants in the active group of the trial, with reductions in delta, theta and high beta brain waves and significant improvements in sensorimotor posture. There was also a noticeable reduction of autistic behaviours and improvement of social engagement and executive function.

Peer-reviewed medical journal *Frontiers in Neurology* published full results of the trial in its July 2018 edition. Positive results of the trial suggest that Mente Autism is a uniquely placed therapy which can be used in the home environment as a neurofeedback tool.

Completion of the clinical trial is a vital part of our submission to the US Food and Drug Administration (FDA) to allow us to market Mente Autism in the US. We have completed pre-submission activities and we are planning final submission to the FDA before the end of the 2018 calendar year.

Over the past year we have made significant usability and quality improvements to our Mente Autism device that were guided by feedback from early adopters and medical practitioners. We remain focused on markets in Europe while establishing new footholds in markets such as Australia and the Middle East, and continuing to prepare for North American market entry.

As we look forward, we are working to validate further expansion of our Mente Autism solution to deliver professionally supervised therapy in the home to expanded age groups with autism and also to explore the potential of expanding our platform and algorithms to address other conditions that should be responsive to personalised neurofeedback therapy.

The financial year also saw the retirement of Neurotech founder Dr Adrian Attard Trevisan from our Board of Directors and Scientific Advisory Board. In his place we appointed Dr David S. Cantor as a Non-Executive Director. Dr Cantor has significant experience as a highly distinguished clinician, neuroscientist and program developer over more than 40 years, and brings considerable strength to the Company and Board.

The above would not have been possible without the support of our Shareholders, as evidenced by the successful completion of an oversubscribed A\$4 million placement in October 2017. The funds were used to enable further product enhancements, manufacturing and purchase additional inventory for Mente Autism, as well as investigate potential strategic initiatives. I thank our shareholders, both new and existing, for their support in this and their commitment to the Company as it continues to pursue the delivery of its goals.

I also take this opportunity to thank my fellow Board members, as well as Neurotech's management and staff for their efforts over the past year that have allowed us to continue to grow and develop.

In conclusion, it has been our purpose and goal to alleviate and complement the existing therapies for complex neurological disorders such as autism, and I am pleased that the US Clinical Trial has successfully validated Mente Autism as a pivotal step in achieving these goals. We have a busy period ahead as we work towards sustainable growth in the business, and in conjunction, commence multi-site studies to promote awareness and acceptance of Mente Autism. Our upcoming US FDA submission will also form a key pillar of our market entry strategies, particularly in the United States. I look forward to sharing strong news flow with you over the next 12 months.



Peter O'Connor
Chairman

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 2018 and the Auditor's Report thereon.

BOARD OF DIRECTORS

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

- Peter O'Connor (Chairman)
- Peter Griffiths (Deputy Chairman and Executive Director)
- Wolfgang Johannes Storf (Chief Executive Officer)
- Simon Trevisan (Non-Executive Director)
- Cheryl Tan (Non-Executive Director)
- David Cantor (Non-Executive Director – appointed 4 July 2018)
- Adrian Attard Trevisan (Non-Executive Director – resigned 27 June 2018)

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

PRINCIPAL ACTIVITIES

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

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

DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial period ended 30 June 2018 (2017: Nil).

OPERATING RESULTS

The consolidated Group's net loss after providing for income tax for the year ended 30 June 2018 amounted to \$3,990,293 (30 June 2017: \$4,031,790). At 30 June 2018, the Group has \$2,212,737 Cash and cash equivalents (30 June 2017: \$2,637,363).

REVIEW OF OPERATIONS

Neurotech International Limited is a medical device and solutions company incorporated in Australia ("Neurotech" or "the Company"), operating through its Malta-based subsidiary, AAT Research. The Company is listed on the Australian Securities Exchange (ASX) under the ticker NTI.

Neurotech has developed *Mente Autism*, a professional-grade electroencephalography (EEG) device that uses neurofeedback technology to help children with Autism Spectrum Disorder (ASD). Designed for home use, *Mente Autism* helps relax the minds of children on the spectrum which in turn helps them to focus and engage positively with their environment.

DIRECTORS' REPORT

Mente Autism's unique technology creates neurofeedback for the children who use it. It also enables authorised medical professionals to monitor progress remotely.

Mente Autism is the third iteration of the Mente system. The improved version includes further enhancements to improve wifi connectivity, synchronisation and usability.

Positive results from US Clinical Trial provide the platform for sales, US FDA application and future research

The key milestone for Neurotech during 2018 was the completion of the independent US Clinical Trial. This culminated in the publication of the results in leading medical journal *Frontiers of Neurology*, showing that the use of Mente Autism produces significant positive changes for children with ASD, including:

- Significant improvements in abnormal levels of brain waves that are typically seen in children with ASD;
- Improvement in balance;
- Positive effects and a reduction of autistic behaviours; and
- Parents indicating significant improvements in social skills and communication of their children.

The study, administered by Carrick Institute, was a randomised-controlled, double-blinded investigation that compared Mente Autism with a control device over a 12 week treatment period. At its conclusion, a total of 34 participants (17 Active, 17 Control) completed the study, which although small, is in excess of the required number for statistical testing. There were no dropouts due to problems of tolerance with the Mente device or treatment, and the participants ranged from ages 5 to 17.

The results of the US Clinical Trial will support the Company's submission to the US Food and Drug Administration (FDA). Neurotech will be seeking clearance for the Mente Autism device using a de-novo application process. Neurotech expects to complete these elements and provide its submission to the FDA before the end of Q3 CY2018. Depending on several factors, including the FDA's current backlog, benchmarks indicate the ultimate FDA approval could take between nine and 12 months.

The results represent a key first enabler in engaging with distributors, clinicians, institutes and parents in considering Mente Autism as a complementary therapy for the treatment of autism. The results also form the platform for expanding research areas, to ultimately generate awareness and acceptance of Mente Autism as a true complement in the treatment of autism.

Sales & Distribution

Given its heritage, the Company has historically targeted markets in Europe with Mente Autism, particularly in Italy. However, autism is a global disorder, and over the past year we have made concerted efforts to enter into new markets through selective local distribution partnerships.

Neurotech maintains good relationships with its existing distributors, as evidenced by several distributor-initiated marketing programmes to coincide with the release of the US Clinical Trial results. The first batch of Mente Autism devices were shipped in August to meet pre-orders received from these marketing programmes.

Post results, Neurotech has since seen a surge in enquiries from potential distributors in other geographies. The Company continues to be selective around distributor appointment and expects to further expand its market reach over the next year, focussing on establishing new markets in the United Kingdom, France and Spain.

DIRECTORS' REPORT

Marketing Initiatives

One of Neurotech's key priorities is to increase awareness of the Mente Autism device as a suitable complementary therapy for assisting children on the autism spectrum. To this end, Neurotech has undertaken various marketing initiatives and events to build a platform for target markets for Mente Autism and interface with potential distributors and end users of the device. These include:

- Attendance at various autism events, such as the Autism Show (Manchester, UK, September 2017);
- Academic and industry presentations, such as the 6th Cambridge International Conference on Mental Health (Cambridge, UK, September 2017); and
- Public relations and market awareness activities across Italy, Germany and Australia (throughout the financial year), where the latter coincided with a substantial upgrade of the Company's website. Notably, the program in Australia included significant involvement from Professor Frederick Carrick, lead investigator for the US Clinical Trial, who was invited as a key guest to further delve into the outcomes of the US Clinical Trial with autism organisations, research institutes, general media and investors across Perth, Sydney and Melbourne.

Board Changes

In June, Neurotech announced the retirement of Neurotech founder Dr Adrian Attard Trevisan as non-executive director of the Company and chair of the Scientific Advisory Board.

The following month, the Company appointed neuroscience expert Dr David S. Cantor to the Board as a non-executive director. Dr Cantor is a highly distinguished clinician, neuroscientist, program developer with a career spanning more than 40 years in the academic and clinical neuroscience sector. He is also a member of the Company's Scientific Advisory Board.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows.

Contributed equity increased by \$3,955,183 (from \$10,354,758 to \$14,309,941) as a result of the Company's capital raising which occurred in November 2017. Details of the changes in contributed equity is disclosed in Note 17 to the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2018 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.

DIRECTORS' REPORT

OUTLOOK

The Company remains focused on delivering sales and in generating awareness and acceptance of Mente Autism, as a genuine complementary therapy in the treatment of autism in the coming year. This is underpinned by four key pillars:

- Creating a sustainable business model, through entering into partnerships with selected distributors, and exploring other go-to-market avenues in jurisdictions where the distribution model may not be appropriate;
- Investing in quality research and development to underpin the longevity of Mente as a product platform, with Mente Autism as the starting point;
- Committing to continuous innovation and product improvement, and protecting our intellectual property along the way; and
- Ensuring that our products are appropriately registered and cleared in the markets that the Company is seeking to enter, including the United States.

As such, key milestones that the Company is working towards will include the US FDA submission, the commencement of various multi-site studies in Europe, Australia and the United States, as well as partnerships with new distributors.

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

Peter O'Connor – Chairman	
Experience and Expertise	Peter O'Connor, MA (Trinity College, Dublin), Barrister-at Law, is an experienced global and regional asset allocation and manager selection adviser for financial institutions, family offices and charities. He was Chairman of a number of publicly quoted investment companies with particular exposure in Asia. Mr. O'Connor was the Co-Founder and Deputy Chairman of IMS Management Ltd and FundQuest UK Ltd from 1998 to 2008. He has a wealth of global experience in the fund management and private equity industries. He has extensive global experience in the funds management industry, both public and private companies in developed and emerging economies.
Other Current Directorships	Non-Executive Director at Northern Star Resources Limited since May 21, 2012 Non -Executive Director of Blue Ocean Monitoring Ltd
Former Directorships in last 3 years	None
Special Responsibilities	Chairman of the Board Chairman of Nomination and Remuneration Committee Chairman of Risk Committee (when required)
Interests in Shares and Options	503,100 ordinary shares in Neurotech International Limited 1,631,000 Unlisted Options over ordinary shares in Neurotech International Limited

Peter Griffiths – Deputy Chairman and Executive 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	None
Former Directorships in last 3 years	None
Special Responsibilities	Member of Audit Committee Chairman of Risk Committee Member of Nomination and Remuneration Committee
Interests in Shares and Options	4,657,588 ordinary shares in Neurotech International Limited 2,060,334 Unlisted Options over ordinary shares in Neurotech International Limited

DIRECTORS' REPORT

Wolfgang Johannes Storf – Chief Executive Officer

Experience and Expertise	Wolfgang Storf joined AAT Research in 2016 as chief executive officer. Prior to that, he was chief strategy officer with the MS Pharma Group. He was also CEO of Novartis-Sandoz in South Africa and held other senior management positions with Novartis-Sandoz, Apotex and Johnson & Johnson in different regions of the world. Wolfgang is a seasoned senior executive with proven global strategic and execution leadership experience – covering both commercial and technical operations as well R&D responsibility inside multinational and private businesses in the pharmaceutical and medical industry. He has a highly successful record of entering new markets, leading company turnarounds and effectively managing crisis missions. He also has experience in post-merger integration programs in both branded / un-branded markets. He has wide-ranging product expertise covering key chronic and acute TAs (solid / injectable) with focus on differentiation.
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Member of Risk Committee
Interests in Shares and Options	937,277 ordinary shares in Neurotech International Limited 466,000 options over ordinary shares in Neurotech International Limited

Simon Trevisan B Econ, LLB (Hons), MBT – Non-Executive Director

Experience and Expertise	<p>Simon Trevisan is the managing director of the Tribis Pty Ltd and Iris Residential Pty Ltd. He has 20 years' experience in public and private investments, corporate finance and management of large public and private businesses. He has been responsible for the funding and management of a number of public companies and Iris Residentials' substantial property investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM listed oil and gas company with production and a substantial oil discovery in Italy. Mr. Trevisan was Executive Chairman of ASX listed gold explorer Aurex Consolidated Ltd and a founding executive director of ASX-listed Ausgold Limited and AssetOwl Limited (previously Regalpoint Resources Ltd). He was also responsible for arranging debt funding for the development of in excess of \$500 million of property and significantly involved in arranging and drawing down one of the first foreign bank project facilities for a resources development in Indonesia.</p> <p>He has a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia and a Master Degree in Business and Technology from the University of New South Wales. Before becoming managing director of the Tribis, Simon practiced as a solicitor with Allens Arthur Robison Legal Group firm, Parker and Parker, in the corporate and natural resources divisions.</p> <p>Simon is also currently a director of ASX-listed AssetOwl Ltd, Zeta Petroleum plc and BMG Resources Ltd. He is a board member of not for profit St George's College Foundation, St George's College Inc and Cystic Fibrosis WA Inc.</p> <p>Mr. Trevisan is the Chairman of the Audit Committee, a member of the Risk Committee and a member of the Share Trading Committee.</p>
Other Current Directorships	<p>Managing Director of Tribis Pty Ltd</p> <p>Managing Director of Iris Residential Pty Ltd</p> <p>Non-Executive Director of AssetOwl Limited</p>

DIRECTORS' REPORT

	<p>Non-Executive Director of BMG Resources Limited</p> <p>Non-Executive Director of Zeta Petroleum Plc</p> <p>Director of Perry Lakes No 229 Pty Ltd</p> <p>Director of Port Coogee No 790 Pty Ltd</p>
Former Directorships in last 3 years	None
Special Responsibilities	<p>Chairman of the Audit Committee</p> <p>Member of the Risk Committee</p>
Interests in Shares and Options	<p>5,405,100 ordinary shares in Neurotech International Limited</p> <p>1,864,000 Unlisted Options over ordinary shares in Neurotech International Limited</p>

Cheryl Tan – Non-Executive Director

Experience and Expertise	<p>Cheryl Tan is an Associate Director with Azure Capital Limited with 10 years' experience in the corporate advisory and finance industry, advising clients across a wide variety of engagements, including project financing, general corporate advisory and mergers and acquisitions, particularly within the telecommunications, utilities and infrastructure sectors. Prior to Azure, Cheryl spent over a year at BankWest, subsidiary of the Halifax Bank of Scotland (Australia) at the time, within the credit risk modelling division, undertaking several aspects of credit risk modelling required to achieve advanced Basel II accreditation. Cheryl holds a Bachelor of Commerce and a Bachelor of Science from the University of Western Australia, as well as a Graduate Diploma of Applied Finance from Kaplan Professional.</p>
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Member of the Audit Committee
Interests in Shares and Options	31,304 ordinary shares in Neurotech International Limited

David Cantor – Non-Executive Director (appointed 4 July 2018)

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</p>
---------------------------------	---

DIRECTORS' REPORT

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.

Other Current Directorships	None
------------------------------------	------

Former Directorships in last 3 years	None
---	------

Special Responsibilities	None
---------------------------------	------

Interests in Shares and Options	None
--	------

Adrian Attard Trevisan – Non-Executive Director (retired 28 June 2018)

Experience and Expertise	<p>Dr Adrian Attard Trevisan holds a Doctorate in Neurosciences and Human Physiology and masters in the fields of Engineering and Audiological Sciences. He has worked on international research projects in England and France and has lectured on the University of London programmes, as well as giving guest lectures and presentations at the University of Malta, Oxford University, University of London and the Università degli Studi di Milano. Adrian has conducted research within the field of neurophysiology for a number of years. He has benefited from research grants awarded by the Medical Research Council and formed part of research projects under a number of EU funding programmes. Dr Attard Trevisan is also a research fellow of the Bedfordshire Center for Mental Health Research in association with the University of Cambridge and has a special interest in EEG phenotype and EEG driven therapies.</p>
---------------------------------	---

COMPANY SECRETARY

Fleur Hudson BA, LLB, LLM (Disp. Res.)

Experience and Expertise	<p>Mrs. Hudson has a Bachelor of Arts, a Bachelor of Laws and Master of Laws degrees. She has been an Executive Director of Tribis since 2009 and was appointed as Company Secretary of AssetOwl Limited, BMG Resources Limited in 2010, Ausgold Limited (resigning in November 2011) and joint Company Secretary for Zeta Petroleum PLC in 2016 (resigning in 23 March 2018).</p> <p>Prior to that, Mrs. Hudson practiced as a Solicitor with international law firms in Perth and London since 1998. As a Solicitor, she has advised large national and international companies with respects to a variety of civil construction, infrastructure and commercial issues.</p>
---------------------------------	---

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 8 Board of Directors' Meetings, 2 Audit Committee meetings and 2 Nomination and Remuneration Committee meetings were held. Attendances by each Director during the year were as follows:

Director	Directors' Meetings		Audit Committee		Nomination and Remuneration Committee		Risk Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Peter O'Connor	8	8	-	-	2	2	-	-
Peter Griffiths	8	8	2	2	2	2	-	-
Wolfgang Johannes Storf	8	8	-	-	-	-	-	-
Adrian Attard Trevisan	8	8	-	-	-	-	-	-
Simon Trevisan	8	8	2	2	-	-	-	-
Cheryl Tan	8	8	2	2	-	-	-	-

COMMITTEES OF THE BOARD

Membership and Composition

The minimum number of members required on Committees of the board is two Directors. At least one member of the Committee must be a Non-Executive Director of the Board.

The Chair of the Committee is to be a Non-Executive Director, nominated by the Board, who may be the Chairman of the Board.

The Secretary of the Committee shall be the Group Secretary or such other person as nominated by the Board.

The Committee shall meet as frequently as required to undertake its role effectively and properly. A quorum for the Committee meeting is when at least two members are present. Any relevant employees may be invited to attend the Committee meetings.

The issues discussed at each Committee meeting as well as the Minutes of each meeting are reported at the next Board Meeting. The Committee Chair shall report the Committee's recommendations to the Board after each meeting.

The Committee reviews, and may recommend to the Board, any necessary action to require at least annually, and recommends any changes it considers appropriate to the Board. The Committee may undertake any other special duties as requested by the Board.

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options of the Group for the year ended 30 June 2018

Director	Number Shares	Unlisted Number Options
Peter O'Connor ¹	503,100	1,631,000
Peter Griffiths ²	4,657,588	2,060,334
Wolfgang Johannes Storf ³	937,277	466,000
Simon Trevisan ⁴	5,405,100	1,864,000
Cheryl Tan	31,304	-

1 Held by Avonmore Holdings Group Ltd. Peter O'Connor has a relevant interest in these securities as a beneficiary of this family trust.

2 Held by Shimano Ventures Ltd as trustee for The Griffiths Family Trust. Peter Griffiths has a relevant interest in these Securities as a director and controlling shareholder of Shimano Ventures Ltd and as a beneficiary of The Griffiths Family Trust.

3 Held by WST Business Development Advisor Ltd. Wolfgang Storf has a relevant interest in these Securities as a director, shareholder of WST Business Development Advisor Ltd.

4 Held by Tribis Pty Ltd. Simon Trevisan has a relevant interest in these Securities as a director, joint controller and substantial shareholder of Tribis Pty Ltd.

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

Peter O'Connor	Chairman
Peter Griffiths	Deputy Chairman/ Executive Director
Wolfgang Johannes Storf	Chief Executive Officer
Simon Trevisan	Non-Executive Director
Cheryl Tan	Non-Executive Director
Adrian Attard Trevisan	Non-Executive Director (resigned 27 June 2018)

Other Key Management Personnel

Mario Raciti	Chief Commercial Officer (resigned 30 April 2018)
--------------	---

DIRECTORS' REPORT

Remuneration Governance

The Nomination and Remuneration Committee provides assistance to the Board 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.

Executive Remuneration Policy and Framework

The Remuneration and Nomination Committee review's 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 length of service and the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The Nomination and Remuneration Committee determines the constitution and total remuneration value of each member of the entity's Key Management Personnel. On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group. The letter of appointment summarises the Board's policies and terms, including remuneration.

Directors do not receive additional fees for chairing or participating on Board committees. Non-Executive Directors do not receive retirement allowances. Non-Executive Directors do not receive performance-based pay.

DIRECTORS' REPORT

The Group's executive Key Management Personnel includes the Chief Executive Officer, Wolfgang Storf. 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 at pages 19 and 20.

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 was carried out for the CEO during both the 2018 and 2017 financial year.

Link between remuneration and performance

The Group's total remuneration of Key Management Personnel during the 2018 financial year is approximately 21% lower than Key Management Personnel remuneration for the 2017 financial year, due in part to changes in roles of board members and lower share-based payment remuneration in the 2018 financial year.

The Group's performance related remuneration in the 2017 financial year was higher than performance related remuneration in the 2018 financial year, as noted at the Key Management Personnel remuneration tables at pages 19 and 20.

The table below shows key performance indicators of the Group for the previous two years, the Group was admitted to the Australian Stock Exchange on 3 November 2016 and was incorporated earlier in that year on 15 January 2016.

	2018	2017
Net (Loss) after tax	(\$3,958,845)	(\$4,031,790)
Basic earnings/(loss) (cents per share)	(3.90)	(5.38)
Increase/(decrease) in share price (%)	(36%)	*

*The parent entity, Neurotech International Limited was admitted to the Australian Stock Exchange (ASX) on 3 November 2016 and therefore the share price % increase from 30 June 2016 to 30 June 2017 cannot be provided.

DIRECTORS' REPORT

Key Management Personnel Compensation

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

2018 Key Management Person	Short-term Benefits				Termination Benefits	Share-based payment			Total (\$)	Performance related
	Salary (\$)	Bonus (\$)	Annual Leave (\$)	Non-monetary benefits (\$)	Termination Benefits (\$)	Shares and Share Rights (\$)	Options (\$)	Total Share Based Payments (\$)		
DIRECTORS										
Peter O'Connor	50,000	-	-	-	-	-	-	-	50,000	0%
Peter Griffiths ¹	96,956	-	-	9,170	-	-	-	-	106,126	0%
Wolfgang Storf ²	307,911	61,575	29,603	81,081	-	12,700*	15,401*	28,101*	508,271	12.11%
Adrian Attard Trevisan	137,558	-	-	2,538	-	-	-	-	140,096	0%
Simon Trevisan ³	-	-	-	-	-	-	-	-	-	0%
Cheryl Tan	40,000	-	-	-	-	-	-	-	40,000	0%
OTHER KEY MANAGEMENT PERSONNEL										
Mario Raciti	164,868	-	17,022	39,804	53,878	-	-	-	275,572	0%
TOTAL	797,293	61,575	46,625	132,593	53,878	12,700	15,401	28,101*	1,120,065	

*Refer to Note 6: Share based payments for further details

1. Mr. Peter Griffiths' remuneration is \$40,000 /year as a non-executive director of the Group. In addition from 1 January 2018 he has been engaged under an executive services agreement where he receives €5,000 per month and an additional €1,000 administration support payment
2. Mr. Wolfgang Storf's was granted a bonus of €40,000 euro (A\$61,575) during the financial year, in recognition of his performance.
3. Mr Simon Trevisan has not received remuneration from the Group for the year ended 30 June 2018. Neurotech International Limited has an agreement with Tribis Pty Ltd, which is a Director related Entity. Tribis Pty Ltd charges an administrative fee for office space, telecommunications, office supplies, accounting support and business support services, the fee is \$7,500 per month for the entire financial year. Mr. Trevisan is a director of Tribis Pty Ltd.

DIRECTORS' REPORT

Key Management Personnel Compensation

2017 Key Management Person	Short-term Benefits				Share-based payment			Total (\$)	Performance related
	Salary (\$)	Bonus (\$)	Non-monetary benefits (\$)	Annual Leave (\$)	Shares and Share Rights (\$)	Options (\$)	Total Share Based Payments (\$)		
DIRECTORS									
Peter O'Connor ¹	32,778	-	-	-	-	-	-	32,778	0%
Peter Griffiths ²	26,237	-	-	-	-	-	-	26,237	0%
Wolfgang Storf ⁵	289,179	112,864	75,490	27,805	136,420*	28,048*	164,468	669,806	16.57%
Adrian Attard Trevisan	216,312	-	21,920	13,771	225,819*	-	225,819	477,822	5.43%
Simon Trevisan ³	-	-	-	-	-	-	-	-	0%
Cheryl Tan ⁴	26,222	-	-	-	-	-	-	26,222	0%
Fleur Hudson ³	-	-	-	-	-	-	-	-	0%
OTHER KEY MANAGEMENT PERSONNEL									
Mario Raciti	124,284	-	31,084	19,187	-	-	-	174,555	0%
TOTAL	715,012	112,864	128,494	60,763	362,239	28,048	390,287*	1,407,420	

*Refer to Note 6: Share based payments for further details

1. Mr. Peter O'Connor's remuneration is \$50,000 /year and received remuneration since he was appointed on 4 November 2016 for total \$32,778
2. Mr. Peter Griffiths' remuneration \$40,000 /year and received remuneration since he was appointed on 4 November 2016 for total \$26,237
3. Mr. Simon Trevisan and Mrs. Fleur Hudson have not received remuneration from the Group for the year ended 30 June 2017. Neurotech International Limited has an agreement with Tribis Pty Ltd, which is a Director related Entity (Simon Trevisan and Fleur Hudson). Tribis Pty Ltd charges an administrative fee for office space, telecommunications, office supplies, accounting support and business support services, the fee is \$7,500 per month for the period from 04 November 2016 to 30 June 2017, totaling to \$60,000 during the financial year. Mr. Trevisan and Mrs. Hudson are directors of Tribis Pty Ltd. Mrs. Hudson was a director of Neurotech International Limited from the beginning of the financial year until 5 September 2016.
4. Ms. Cheryl Tan's remuneration is \$40,000/year and received remuneration since she was appointed on 4 November 2016 for total \$26,222
5. Mr. Wolfgang Storf's bonus has been granted in accordance with the terms of his employment with one of Neurotech International Limited's subsidiaries, AAT Research. The amount of bonus payable is variable, up to a maximum of €120,000. Refer to page 22 for further detail on the 2017 bonus.

DIRECTORS' REPORT

Remuneration of the Group's Non-Executive Directors is as below

	From 1 July 2018	From 1 July 2017 to 30 June 2018
Non-Executive Chairman	50,000	50,000
Non-Executive Directors	40,000	40,000

There were no other additional fees paid to the Non-Executive Chairman and Non-Executive Directors for participating in Audit Committees, Nomination Committees and/or Remuneration Committees.

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

Chief Executive Officer – Wolfgang Johannes Storf	
Fixed Remuneration	€160,000 (effective from 1 July 2018)
Contract Duration	Ongoing Contract
Notice period for Termination	6 months' notice, or a termination payment based on the 2018 financial year fixed remuneration amount of €200,000.
Variable Remuneration	<p>For the 2019 financial year, a bonus of up to €160,000 may be payable. The value of the bonus is directly related to Group's achievement of budgeted revenue.</p> <p>There is no minimum bonus amount payable. The CEO will only be entitled to a bonus payment in the event that the Group's revenue is at least 70% of budgeted revenue, as approved by the Board of Directors.</p> <p>The maximum bonus €160,000 is payable only in the event that 2019 financial year audited revenue is equal to or in excess of 130% of the 2019 financial year budget approved by the board.</p> <p>For each 1% of revenue earned by the Group in excess of the 70% 'floor', a bonus of €2,667 is payable, resulting in the maximum bonus being paid if and when revenue is 130% of budgeted revenue.</p> <p>The bonus will be paid within two months of the end of each quarter, with the exception of the June 2019 quarter when the bonus will be paid by 30 September 2019.</p> <p>A half yearly and annual true up will performed, with any claw back / additional bonus paid as required.</p> <p>For the 2018 financial year, variable remuneration was awarded at the discretion of the Group's Remuneration Committee.</p>
Other Incentives	<p>Motor Vehicle Allowance, €6,600 per annum (effective from 1 July 2018)</p> <p>Health Insurance, €3,500 per annum. (effective from 1 July 2018)</p>

DIRECTORS' REPORT

Deputy Chairman/ Executive Director – Peter Griffiths

	<p>Base remuneration, service as non-executive director Remuneration of \$40,000 Australian Dollars per Annum</p>
Fixed Remuneration	<p>Additional Fee for service as an executive director Remuneration of €5,000 per month for a 12 month period from 1 January 2018, plus €1,000 per month for administration support.</p>
Contract Duration	<p>The Director's engagement as a non-executive director is an ongoing contract with no fixed end date. The Director's executive services agreement is in addition to the director's original contract and is for a 12 month term.</p>
Notice period for Termination	Executive services engagement is a fixed term contract, current contract ends 31 December 2018
Variable Remuneration	None
Other Incentives	None

Performance based remuneration granted during the year.

Wolfgang Storf (Chief Executive Officer)

During the year, the CEO received two short term incentive payments of €20,000 each. The short-term incentives paid in the 2018 financial year were not calculated based on the extent to which any specific key performance indicators were met.

Mario Raciti (Chief Commercial Officer) (ceased employment 30 April 2018)

Mr. Raciti was not awarded performance-based remuneration during the 2018 financial year.

DIRECTORS' REPORT

Terms and Conditions of share based payments affecting remuneration in the current financial year and financial years to the year ended 30 June 2021.

Shares:

Number of shares	Grant Date	Vesting date	Value per share at grant date	Number of shares vested	Maximum value yet to vest \$
466,000	3 April 2016	1 October 2017	\$0.16	466,000	-

Options:

Number of options	Grant Date	Vesting date	Expiry date	Exercise Price	Value per option at grant date	Vested (%)
155,333	3 April 2016	3 November 2017	30 November 2020	\$0.20	\$0.11	100%
155,333	3 April 2016	3 November 2018	30 November 2020	\$0.20	\$0.11	0%
155,334	3 April 2016	3 November 2019	30 November 2020	\$0.20	\$0.11	0%

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.

2018 Name	Balance at the start of the year	Issue of shares	Other	Balance at the end of the year	Shares to be issued
Directors					
Peter O'Connor	503,100	-	-	503,100	-
Peter Griffiths	4,657,588	-	-	4,657,588	-
Wolfgang Storf ¹	466,000	471,277	-	937,277	466,000
Simon Trevisan	5,405,100	-	-	5,405,100	-
Cheryl Tan	31,304	-	-	31,304	-
Adrian Attard Trevisan ² (Resigned 27 June 2018)	19,740,889	411,371	(20,152,260)	-	-

¹ 471,277 shares were issued on 30 November 2017 for settlement of the Short-Term Incentive which was awarded for the 9 month period ending 31 December 2016

Pursuant to terms of a consultancy services agreement between the Group and Wolfgang on the 3rd of April 2016. 466,000 ordinary shares were to be issued on the 1st of October 2017 subject to the Consultancy services agreement not being terminated before this time. Subject to shareholder approval being received at a general meeting of the Group's shareholders Wolfgang Storf is to be issued these 466,000 shares.

² 411,371 shares were issued on 30 November 2017 for settlement of the share rights which vested in the 2017 financial year.

Dr Attard Trevisan resigned as a Director on 27 June 2018, and therefore his shares held at this date have been removed from the above table.

DIRECTORS' REPORT

Option Holdings

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.

2018 Name	Balance at the start of the year	Other	Balance at the end of the year	Vested and exercisable	Unvested
Directors					
Peter O'Connor	1,631,000	-	1,631,000	1,631,000	-
Peter Griffiths	2,060,334	-	2,060,334	2,060,334	-
Wolfgang Storf	466,000	-	466,000	155,333	310,667
Simon Trevisan	1,864,000	-	1,864,000	1,864,000	-
Cheryl Tan	-	-	-	-	-
Adrian Attard Trevisan ¹ (Resigned 27 June 2018)	1,864,000	(1,864,000)	-	-	-

There were no options granted to or exercised by Directors or Key Management Personnel during the year ended 30 June 2018.

¹Dr Attard Trevisan resigned as a Director on 27 June 2018, and therefore his shares held at this date have been removed from the above table.

Voting and comments made at the Group's 2017 Annual General Meeting

The Group received 91% "yes" votes on its remuneration report for the 2017 financial year.

The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT

Loans to Key Management Personnel

	Balance at the start of the year (\$)	Foreign Exchange movement (\$)	Loan write off (\$)	Balance at the end of the year (\$)	Interest not charged (\$)
Dr Adrian Attard Trevisan	10,179	518	(10,697)	-	401

The above loan relates to, Dr Adrian Attard Trevisan, a former non-executive director of the Group, who retired from the Board on 27 June 2018.

The Board then resolved that the loan outstanding will be written off effective at 30 June 2018.

The amount of interest not charged is the amount that would have been charged on an arm's-length basis.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with Related Parties

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

The following transaction occurred with related parties for the year ended 30 June 2018.

	2018 (\$)	2017 (\$)
Other transactions		
Administration Fee to Tribis	90,000	60,000
	90,000	60,000

DIRECTORS' REPORT

The aggregate amount recognised during the year relating to 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	
		2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)
Simon Trevisan (Director and controlling Shareholder of Tribis Pty Ltd)	Administrative fee for office space, telecommunications, office supplies, accounting support and administration and business support services	90,000	60,000	-	-
		90,000	60,000	-	-

Notes in relation to the table of related party transactions.

A Company associated with Mr. Trevisan provides office space, office equipment, supplies, corporate management and administration services in connection with the operations of the Group and amounts are payable on a monthly basis.

Corporate administration services include those services necessary for the proper administration of a small public Company, including:

- (a) Company secretarial and accounting, corporate governance and reporting and administration support, management of the Group's website, management of third party professional and expert service providers including legal, accounting, tax, audit and investment banking, independent technical expert and other services associated with proper administration of a listed public Company; and
- (b) provision of 'A' grade office space in a central business district office for the Group's main corporate office including use of IT, photocopying and other office equipment and supplies.

The Group pays a monthly fee to Tribis Pty Ltd plus reimbursement each month for certain costs, expenses and liabilities incurred and/or paid by on behalf of the Group during the month.

This is the end of the Audited Remuneration 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 2018, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. On 2 August 2018, the AAT Research Limited paid an insurance premium of \$5,180 (equivalent to Euro 6,500) covering the period from 30 July 2018 to 29 July 2019 (2017: A\$4,482 (equivalent to Euro 3,100)) and on 30 August 2018, the Company paid an insurance premium of \$18,446 (2017:\$15,320) covering the period from 9 August 2017 to 9 August 2018.

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 principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the 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 2018 (\$)	30 June 2017 (\$)
Other Services		
BDO Corporate Finance	5,345	8,274
Total remuneration for other services	5,345	8,274

DIVERSITY

	Number of Females	Total
Female employees in the whole organisation	6	18
Females in Senior Executive Positions	-	-
Females on the Board	1	6

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 consideration to gender.

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 2018 has been received and can be found on page 29.

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

Signed on behalf of the Board of Directors.



Simon Trevisan

Non-Executive Director

Dated at Perth, Western Australia, this 31st August 2018



Wolfgang Johannes Storf

Chief Executive Officer

Dated at Perth, Western Australia, this 31st August 2018

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 behavior 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>.

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

As lead auditor of Neurotech International Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 31 August 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR TO 30 JUNE 2018**

	Notes	CONSOLIDATED	
		30 June 2018 (\$)	30 June 2017 (\$)
CONTINUING OPERATIONS			
Revenue	3	29,277	85,838
Other income	4	68,421	42,572
Cost of Inventory	5	(29,435)	(80,542)
Obsolete Stock written off	5	(47,528)	(79,222)
Professional Consultant and Advisory expenses		(186,691)	(277,766)
Professional Legal expenses		(91,859)	(114,199)
Corporate and Administration expenses	5	(776,803)	(829,460)
Depreciation and amortisation expenses		(530,488)	(363,039)
Finance expenses		(18,618)	(40,922)
Advertising and Marketing expenses		(116,438)	(113,529)
Impairment expense	5	(137,578)	(123,108)
Employee benefits expense	5	(1,399,912)	(1,160,348)
Research expense	5	(290,131)	(242,995)
Share Based Payments Expense	6	(28,101)	(390,287)
Procurement Compensation Payment		(133,947)	-
Equipment and materials direct cost		(10,075)	(98,337)
Other expenses		(290,387)	(246,446)
(LOSS) BEFORE INCOME TAX		(3,990,293)	(4,031,790)
Income tax benefit	7	-	-
(LOSS) AFTER INCOME TAX		(3,990,293)	(4,031,790)
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange Difference on translation of foreign operations		121,636	48,333
Total comprehensive (loss) for the period		(3,868,657)	(3,983,457)
Total comprehensive loss for the period is:			
Attributable to the owner of Neurotech International Ltd			
Basic loss per share (cents per share)	25	(3.93)	(5.38)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR TO 30 JUNE 2018

	Notes	CONSOLIDATED	
		30 June 2018 (\$)	30 June 2017 (\$)
CURRENT ASSETS			
Cash and cash equivalents	10	2,212,737	2,637,363
Trade and other receivables	11	308,173	331,313
Inventories	12	70,981	80,746
TOTAL CURRENT ASSETS		2,591,891	3,049,422
NON-CURRENT ASSETS			
Property, plant and equipment	13	374,200	464,104
Intangible assets	14	1,640,641	1,438,640
TOTAL NON-CURRENT ASSETS		2,014,841	1,902,744
TOTAL ASSETS		4,606,732	4,952,166
CURRENT LIABILITIES			
Trade and other payables	15	345,872	282,235
Short-term borrowings	16	29,788	129,866
TOTAL CURRENT LIABILITIES		375,660	412,101
NON-CURRENT LIABILITIES			
Long-term borrowings	16	-	244,937
TOTAL NON-CURRENT LIABILITIES		-	244,937
TOTAL LIABILITIES		375,660	657,038
NET ASSETS		4,231,072	4,295,128
EQUITY			
Contributed Equity	17	14,309,941	10,354,758
Reserves	18	1,299,942	1,328,888
Accumulated Loss	19	(11,378,811)	(7,388,518)
TOTAL EQUITY		4,231,072	4,295,128

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 2018

	Contributed Equity (\$)	Accumulated Losses (\$)	Capital Reserve (\$)	Share-based payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
FINANCIAL YEAR ENDED 30 JUNE 2017						
Balance at 1 July 2017	10,354,758	(7,388,518)	178,683	1,238,503	(88,298)	4,295,128
(Loss) for the year	-	(3,990,293)	-	-	-	(3,990,293)
Exchange Difference	-	-	-	-	121,636	121,636
Total comprehensive (loss)	-	(3,990,293)	-	-	121,636	(3,868,657)
Transactions with equity holders in their capacity as equity holders						
Capital Raising	4,000,000	-	-	-	-	4,000,000
Shares Issued to Directors	178,683	-	(178,683)	-	-	-
Share based payments	16,500	-	74,560	(46,459)	-	44,601
Share issue costs	(240,000)	-	-	-	-	(240,000)
Balance at 30 June 2018	14,309,941	(11,378,811)	74,560	1,192,044	33,338	4,231,072

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 2018

	Contributed Equity (\$)	Accumulated Losses (\$)	Capital Reserve (\$)	Share-based payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
FINANCIAL YEAR ENDED 30 JUNE 2017						
Balance at 1 July 2016	3,977,804	(3,356,728)	111,840	875,095	(136,631)	1,471,380
(Loss) for the year	-	(4,031,790)	-	-	-	(4,031,790)
Exchange Difference	-	-	-	-	48,333	48,333
Total comprehensive (loss)	-	(4,031,790)	-	-	48,333	(3,983,457)
Transactions with equity holders in their capacity as equity holders						
Shares issued for IPO	7,000,000	-	-	-	-	7,000,000
Shares issued to Chasm Hop/Bonavita/Vella	111,840	-	(111,840)	-	-	-
Shares & Options issued to lead managers	150,000	-	-	273,500	-	423,500
Share based payments to Directors	234,560	-	65,819	89,908	-	390,287
CEO bonus, to be settled through issue of shares	-	-	112,864	-	-	112,864
Share issue costs	(1,119,446)	-	-	-	-	(1,119,446)
Balance at 30 June 2017	10,354,758	(7,388,518)	178,683	1,238,503	(88,298)	4,295,128

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	CONSOLIDATED	
		30 June 2018 (\$)	30 June 2017 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		36,816	31,367
Payments to suppliers and employees		(3,075,722)	(3,134,366)
Finance Costs		(17,411)	(41,943)
Interest received		30,655	23,969
NET CASH USED IN OPERATING ACTIVITIES	20	(3,025,662)	(3,120,973)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(97,841)	(46,966)
Payments for Intangible assets		(675,881)	(890,181)
Proceeds on sale of property, plant and equipment		2,697	-
NET CASH USED IN INVESTING ACTIVITIES		(771,025)	(937,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,000,000	7,000,000
Repayment of borrowings		(397,016)	(641,363)
Payment of Share Issue Costs		(240,000)	(734,447)
Proceeds from borrowings		23,494	67,607
NET CASH PROVIDED BY FINANCING ACTIVITIES		3,386,478	5,691,797
Net increase/(decrease) in cash held		(420,906)	1,633,677
Cash and cash equivalents at beginning of financial year		2,637,363	1,007,536
Effect of exchange rate changes on cash and cash equivalents		(3,720)	(3,850)
Cash and cash equivalents at end of financial year	10	2,212,737	2,637,363

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 2018 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

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

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

(b) Basis of Preparation

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

(i) Compliance with IFRS

The Financial Statements of the 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 2018.

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018 the Group made a loss of \$3,990,293 (2017: loss of \$4,031,790) and had cash outflows from operating activities of \$3,025,662 (2017: cash outflows from operating activities of \$3,120,973). The ability of the Group to continue as a going concern is dependent on the generation of sufficient revenue through the sale of the Group's Mente Autism offering and through other revenue streams. These conditions 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 the Group will continue as a going concern due to current working capital, including Mente Autism units on hand available for immediate sale, continued revenue growth and an anticipated capital raising in the near future. 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.

(d) Significant Accounting Judgments, Estimates and Assumptions

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

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

1. Amortisation methods and useful life of intangible assets

The amortisation method used and the useful life of the Group's intangible assets inherently results in the amount of amortisation of such assets being an estimate.

Refer to Note 1(p) for disclosure of the types of assets that the Group recognises as intangible assets, the amortisation methods employed and the useful lives of the assets.

2. Impairment of assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3. *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.

4. *Depreciation methods and useful life of Property, Plant and Equipment*

The depreciation method used and the useful life of the Group's Property, Plant and Equipment inherently results in the amount of depreciation of such assets being an estimate.

Refer to Note 1(o) for disclosure of the depreciation methods employed and the useful lives of the assets.

5. *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.

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
- 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.

(e) *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 2018 and the results of all subsidiaries for the year ended 30 June 2018. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(f) 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 particular foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Revenue recognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

revenue is recognised:

Sale of goods

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

Sale of services

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

(h) 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 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.

(i) 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.

(j) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(k) Cash and cash equivalents

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

Cash balances and call deposits with a maturity greater than 3 months are classified as held to maturity investments and valued at amortised cost using the effective interest method.

(l) 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.

(m) Trade and Other Receivables

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

(n) Financial Assets

Classification

All of the Group's financial assets are classified in the category of "loans and receivables". Management determines the classification of financial assets at initial recognition. The Group does not currently hold any financial assets which would be expected to be classified as Financial Assets at fair value through profit or loss; held-to-maturity investments or available-for-sale financial assets.

Recognition and derecognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

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. The Group identifies assets classified as Loans and receivables as “Trade and Other Receivables”, being amounts owed from customers.

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.

(o) 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.

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.

(p) 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Patents and trademarks

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

Software

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

Website Development Costs

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

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

(q) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(r) Borrowings

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

(s) Employee Benefits

Short term Employee Benefit Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. 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 followings 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.

(t) 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 issued to employees in a 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 Statement of Financial Position date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

(u) 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.

(v) Contributed Equity

Ordinary shares are classified as equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(w) 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.

(x) 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.

(y) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(z) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently issued or amended but are not yet effective have not been adopted by the Group for the year ended 30 June 2018. These are outlined in the table below.

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
AASB 9 Financial Instruments (December 2010)	AASB 139 Financial Instruments: Recognition and Measurement	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 & 2010 and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning in or after 01 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Amendments to AASB 9 issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <p>(a) Financial assets that are debt instruments will be classified based on:</p> <ol style="list-style-type: none"> (1) the objective of the Entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p>	Periods beginning on or after 1 January 2018	Considering the nature of the Financial Assets and Financial Liabilities that the Group currently holds, at this point, the adoption of AASB 9 is not expected to have a significant impact on the Group's financial statements.	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
		<ul style="list-style-type: none"> ➤ The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and ➤ The remaining change is presented in profit or loss. <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an Entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p>			
AASB 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations (IFRIC 13 Customer Loyalty Programmed, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue Barter Transactions involving Advertising Services).</p> <p>The core principle of IFRS 15 is that an Entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services. An Entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligation in the contract. (e) Step 5: Recognise revenue when (or as) the Entity satisfies a performance obligation. <p>Early application of this standard permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including interpretations) arising from the issuance of AASB 15.</p>	Annual reporting periods beginning on or after 1 January 2018.	<p>Given the current revenue level of the Group, the change in revenue reported, including timing thereof, attributable to the adoption of this Accounting standard would not be material.</p> <p>This assessment has only been performed for current revenue streams and the effect on future revenue streams will be assessed when the details are known.</p>	1 July 2018
AASB 16	Leases	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	Annual reporting periods beginning on or after 1 January 2019.	<p>To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.</p> <p>Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised</p>	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
				<p>instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.</p> <p>There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.</p>	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Segment Information

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

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

Statement of Financial Position

	Medical Device Development and Distribution Segment	Unallocated	Total
30 June 2018			
Assets	2,063,944	2,542,788	4,606,732
Liabilities			
Gross	8,511,990	50,564	8,562,554
Less loan payable to Neurotech International Limited	(8,186,894)	-	(8,186,894)
Liabilities, excluding Intercompany Loan	325,096	50,564	375,660
30 June 2017			
Assets	2,693,808	2,258,358	4,952,166
Liabilities			
Gross	5,559,950	25,093	5,585,043
Less loan payable to Neurotech International Limited	(4,928,005)	-	(4,928,005)
Liabilities, excluding Intercompany Loan	631,945	25,093	657,038

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

	Medical Device Development and Distribution
30 June 2018 Financial Year	
Revenue	29,277
Segment Operating Profit / (Loss)	(3,248,209)
Depreciation and Amortisation	(530,488)
Impairment Expense	(137,578)
Interest Paid	(15,684)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Medical Device Development and Distribution	
30 June 2017 Financial Year	
Revenue	85,838
Segment Operating Profit / (Loss)	(3,086,287)
Depreciation and Amortisation	(363,039)
Impairment Expense	(123,108)
Interest Paid	(31,480)

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

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

	2018	2017
Segment Operating (Loss)	(3,248,209)	(3,086,287)
Interest Income	30,654	23,969
Interest Paid	-	(4,591)
Corporate Expenses	(517,307)	(462,581)
General and Administration	(31,767)	-
Consultancy	(91,019)	(18,859)
Legal	(80,968)	(62,055)
Share based payments	(28,101)	(390,287)
Other	(23,576)	(31,099)
(Loss) before Income Tax	(3,990,293)	(4,031,790)

3. REVENUE FROM CONTINUING OPERATIONS

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

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Sales Mente Products	29,277	85,838
	29,277	85,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Foreign Exchange Gain	18,388	-
Award winnings	18,608	16,131
Shipping of Sales Products	770	2,472
Interest Income	30,655	23,969
	68,421	42,572

5. EXPENSES

Inventory related expenses

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Cost of units sold (Mente Products)	29,435	60,005
Mente 3 production rejects	-	9,748
Mente 2 units traded for Mente 3 units	-	10,789
	29,435	80,542
Obsolete Stock Written Off (Mente 2 units)	47,528	79,222
	76,963	159,764

Employee Benefits Expense

The total employment costs, excluding share-based payments, for the financial year ended 30 June 2018 were as follows:

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Wages and salaries and related employment costs	1,470,861	1,351,720
Employer's share of national insurance contribution	47,005	52,119
Recruitment and Redundancy payments	-	36,801
Less: Amounts capitalised as development costs	(138,858)	(280,292)
	1,379,008	1,160,348

The 2017 'wages and salaries and related employment costs' amount has been re-stated to include remuneration paid to the Executive Director and Group CEO Wolfgang Storf, which was previously disclosed in professional consultancy and advisory. The amount re-stated is \$339,516.

Mr. Storf is employed with the Group under a consultancy contract although his role is a permanent full time role. The re-stated 2017 wages and salaries has now resulted in more consistent presentation as the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

remuneration paid to Dr Adrian Attard Trevisan in that financial year while employed as an executive director, 1 July 2016 to 31 March 2017 is also shown in Employee Benefits Expense.

Further, the Group now classifies remuneration paid to non-executive directors as Corporate and Administration expenses, resulting in a reduction in the 2017 financial year employee benefits expense of \$92,571.

Research Expense

Research expense represents outlay on the Group's projects which are not yet at a stage to allow for an intangible asset to be recognised. Research expense also includes the value of inventory used for research and development, and other costs.

Corporate and Administration Expense

Corporate and Administration expenses include costs relating to, but not limited to: Remuneration paid to Non-Executive Directors; ASX Listing Fees; Travel and Accommodation; Office Rent and utilities; Management Fees payable to Tribis Pty Ltd; and Audit and Accounting Fees.

Impairment Expense

This amount relates to the impairment of the Group's Mente Pro product which was capitalised at 30 June 2017 as an intangible asset. It is now considered that this asset no longer meets the recognition criteria stipulated under *AASB 136 Impairment of Assets*.

6. SHARE BASED PAYMENTS

In the current financial year, the Group's share-based expense relates only to share based payments awarded in prior financial years.

Share Rights

During the financial year, having secured approval from the Group's shareholders at the Group's Annual General Meeting on 23 November 2017, the Group issued 411,371 shares to then Non-Executive director Dr Adrian Attard Trevisan.

These shares were issued to settle the equivalent number performance rights which vested to Dr Attard Trevisan upon his cessation as an executive director and continuation as a non-executive director from 25 April 2017.

The value of these vested performance rights, \$65,819, was recognised as a share-based payment expense in the 2017 financial year, with an equivalent increase to the Group's Capital Reserve.

As at 30 June 2018 there are no outstanding share rights, vested nor unvested (30 June 2017: 411,371 vested share rights)

Options

All options granted are over ordinary shares in Neurotech International Limited, which confer a right of one ordinary share for every option held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The group has the following options on issue.

2018 Financial Year					
Grant Date	Expiry Date	Exercise Price (\$)	Balance at the start of the year Number	Balance at end of the year Number	Vested and exercisable Number
09/05/2016	30/11/2020	\$0.20	7,899,314	7,899,314	7,899,314
03/04/2016	30/11/2020	\$0.20	466,000	466,000	155,333
28/10/2016	30/11/2020	\$0.20	2,529,076	2,529,076	2,529,076
			10,894,390	10,894,390	10,583,723

2017 Financial Year							
Grant Date	Expiry Date	Exercise Price (\$)	Balance at the start of the year Number	Issued during the year Number	Granted and Issued during the year Number	Balance at end of the year Number	Vested and exercisable Number
09/05/2016	30/11/2020	\$0.20	-	7,899,314	-	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	2,529,076
			-	8,365,314	2,529,076	10,894,390	10,428,390

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.42 years (30 June 2017: 3.42 years).

Recognition of vesting of options

The 466,000 options granted on 3 April 2016 are held by the Group's CEO Wolfgang Storf and were granted under terms of his executive services agreement entered into on 31 March 2016. The executive services agreement provides that one third of the options vest every year, with the first third having vested on 3 November 2017.

The sole vesting condition relating to these options is Wolfgang's continued employment. The Group expects these options to vest in their entirety, and as a result an amount of \$15,401 has been recognised as an expense in the current financial year. In relation to these options, an expense of \$28,048 was recognised as an expense in the 2017 financial year.

The assessed fair value at grant date of the options issued to Wolfgang Storf in the 2017 financial year was \$0.11 per option. The fair value at grant date is determined using a Black-Scholes option pricing model with the following inputs:

	Inputs
Number of options	466,000
Underlying share price	0.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Inputs
Exercise price (A\$)	0.20
Expected volatility	100%
Expiry date (years)	4.7 years
Expected dividends	Nil
Risk free rate	2.07%

The total fair value of the options issued to Wolfgang Storf in the 2017 financial year was \$52,318.

The 2,529,076 options granted on 28 October 2016 were provided to Azure Capital for services provided in relation to the IPO capital raising. These options were valued at \$273,500, representing the fair value of the services provided, as evidenced by the value of an invoice issued to the Group.

The fair value of the options issued to Azure Capital was recognised as capital raising costs which reduces share capital as the options were provided for services in connection with the issue of equity instruments, as there were no future vesting conditions, the value of these options was been recognised in the year to 30 June 2017.

The 7,899,314 options granted on 9 May 2016 were replacement options for those originally issued in Neurotech's subsidiary AAT Research Limited. The assessed fair value of those options at grant date was \$0.11 per option, the fair value at grant date was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The value of these options, being \$875,095 was recognised in the financial statements of the Group in the 2016 financial year, as reflected in the share-based payments reserve.

Shares

The terms of the Group's CEO Wolfgang Storf's executive services agreement entered into in March 2016 provided for the issue of 466,000 shares on 1 October 2017, provided he remained employed until that time and subject to the approval being received from the Group's Shareholders.

The Group will seek approval from the Group's shareholders at the Group's Annual General Meeting in November 2018 unless a General meeting is held before this time.

These shares are valued at \$74,560, being 466,000 shares at 16c per share. During the 2018 financial year, \$12,700 was recognised as a share-based payment expense, representing the vesting of the share based payment over the period 1 July 2017 to 30 September 2017. In the 2017 financial year the Group had recognised \$61,860 of the total value as an expense.

As at 30 June 2018, the value of these shares to be issued, \$74,560, is recognised in the Group's Capital Reserve, to acknowledge that this share based payment grant is vested, and the shares are to be issued to the recipient subject to the required shareholder approval being received and compliance with the applicable requirements of the Corporations Act 2001.

During the year, 94,286 shares were issued to a consultant (S3 Consortium Pty Ltd, *trading as Stocks Digital*) for marketing services. The total value of the shares issued was \$16,500, being the value of the services provided plus Goods and Services Tax (GST) of \$1,500. The number of shares issued was based on the value of services provided, as evidenced by the valued of an invoice issued to the Group. The expense amount of \$15,000 is included within Advertising and Marketing in the Consolidated Statement of Profit or Loss and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other Comprehensive Income.

Shares issued in the 2017 financial year, Share Based Payments

During the 2017 financial year, the Group issued 466,000 and 1,000,000 shares to the Group's CEO Wolfgang Storf and then executive director Dr Adrian Attard Trevisan respectively. These instruments were issued in accordance with their executive services agreements which were executed on the 31st of March 2016 and 13th of September 2016 respectively.

These shares were valued at share price at the time when the terms of the grant were agreed (16c per share). These shares vested to the executives upon issue and as a result, an amount of \$234,560 was recognised as an expense in the year.

During the 2017 financial year, 937,500 shares were issued to Azure Capital for services provided in relation to the IPO capital raising. These number of shares issued was based on the value of services provided, as evidenced by the valued of an invoice issued to the Group.

Refer to Note 17 for a reconciliation of the Group's contributed equity.

Summary Expenses arising from Share-Based Payment Transactions

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

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Shares		
Shares issued for provision of marketing services	15,000	-
Shares issued to Wolfgang Storf (Note 17)	-	74,560
Shares issued to Dr Adrian Attard Trevisan (Note 17)	-	160,000
Total	15,000	234,560
Options, Shares to be issued in future period and Share Rights		
Options issued to Wolfgang Storf	15,401	28,048
Shares to be issued to Wolfgang Storf	12,700	61,860
Total (Note 18)	28,101	89,908
Shares Rights issued to Dr Adrian Attard Trevisan (Note 18)	-	65,819
	43,101	390,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Gross Share Based Payment Transaction	43,101*	390,287
*Includes GST payment of \$1,500		
Share Based Payment Expenses		
Advertising and Marketing	15,000	-
Executive Remuneration	28,101	390,287

CEO short term incentive (STI) transactions

On 30 November 2017, Neurotech International Limited issued 471,277 shares to the Group's CEO Wolfgang Storf. These shares were issued to settle the STI entitlement earned by Mr. Storf in relation to the period April 2016 to December 2016. This is therefore not share based payment in accordance with *AASB 2 Share-Based Payments*, however it is a transaction settled through the issue of shares.

The value of the STI entitlement for the 9-month period, \$112,864 (€76,500) was settled through the issue of 471,277 shares.

The value of the STI entitlement in AUD and the number of shares was determined using the average EUR:AUD exchange rate for the period 1 April 2016 to 31 December 2016, and the 3 VWAP of the Group's shares to 17 May 2017, being the day the Mr. Storf agreed to receive his bonus in shares, respectively.

In relation to the 2018 financial year, the Group's CEO was paid an STI of \$61,575 (€40,000) which was paid in cash during the year. No further STI was granted or will be granted to Mr. Storf in relation to the 2018 financial year.

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 2018 (\$)	30 June 2017 (\$)
Income tax benefit	-	-
Tax Rates		
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5% (2017: 30%).		
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 Profit/(Loss) before income tax	(3,990,293)	(4,031,790)
Income tax benefit calculated at the Group's statutory income tax rate of 27.5% (2017: 30%)	(1,097,330)	(1,209,537)
Add Tax effect on amounts which are assessable/not tax deductible:		
• Capital expenses to be amortised over 5 years	34,714	41,375
• Non assessable income	-	-
• Non-deductible expenses	189,435	211,867
• Timing differences	30,713	6,225
Less Tax effect on amounts which are tax deductible:		
• Black hole expenditure	(95,777)	(82,377)
Tax losses not brought to account	938,245	1,032,447
Income tax benefit	-	-
Deferred tax assets not brought to account		
• Unamortised 'black hole' expenditure (capital raising costs)	302,494	323,943
• Tax losses	938,245	1,032,447
• Timing differences	5,225	6,225
Income tax benefit not recognised	1,245,964	1,362,615

The total amount of tax losses not brought to account is \$2,165,034 (2017: \$1,338,315).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, Management and the Risk Committee. The 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. Management and the Risk Committee report to the Board.

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 2018 (\$)	30 June 2017 (\$)
Financial assets		
Cash and cash equivalents	2,212,737	2,637,363
Trade and other receivables	51,919	105,398
	2,264,656	2,742,761
Financial Liabilities		
Trade and other payables	324,466	282,235
Borrowings	29,788	374,803
	354,254	657,038

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Cash at bank is placed with reliable financial institutions.

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:

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Trade receivables		
<i>Counterparties without external credit rating, past due but not impaired</i>		
Existing customers (less than 6 months) with no defaults in the past	-	9,347
Existing customers (more than 6 months) with no defaults in the past	19,774	28,616
<i>Counterparties without external credit rating, past due and impaired</i>		
Gross Value	8,040	-
Doubtful Debt Provision	(7,086)	-
Net Value	954	-
	20,728	37,963
Other receivables		
Security Deposit	30,240	56,575
Shareholder Loans	-	10,860
Other receivables	851	-
	31,091	67,435
Total trade and Other receivables	51,819	105,398
Cash at bank and Commercial Bills **		
Cash at bank – St George Bank and Bank of Valletta Plc.	195,695	430,776
Petty cash account	-	1,175
HiFX Foreign Exchange – Euro denominated	1,010,768	-
Commercial Bills – St George Bank	1,006,274	2,205,412
	2,212,737	2,637,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**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: EEFY) 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.

Shareholder loan relates to a former non-executive director of the Group, Dr Adrian Attard Trevisan, this loan was written off at 30 June 2018.

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.

Contractual maturities of financial liabilities	Less than 6 months (\$)	6 – 12 months (\$)	More than 12 months (\$)	Total (\$)	Carrying Amount (\$)
Group - at 30 June 2018					
Trade payables	127,296	-	-	127,296	127,296
Borrowings	29,788	-	-	29,788	29,788
Total	157,084	-	-	157,084	157,084
Group - at 30 June 2017					
Trade payables	153,190	-	-	153,190	153,190
Borrowings	88,256	41,610	244,937	374,803	374,803
Total	241,446	41,610	244,937	527,993	527,993

The Group has an unsecured General Banking Facility of €60,000 (\$94,578) by Bank of Valletta P.L.C., which was drawn to €18,897 (\$29,788) at 30 June 2018.

At 30 June 2017, the Group's facilities were a General Banking Facility of €75,000 and Loan Facilities of €200,000 granted by Bank of Valletta P.L.C.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

During the year management converted a substantial portion AUD cash to EUR cash to manage downside foreign exchange risk, as the Group incurs a substantial amount of outflows EUR.

At 30 June 2018, the parent entity, Neurotech has the following exposure to foreign exchange risk, amounts below are stated in AUD:

	30 June 2018	30 June 2017
	EUR (\$)	EUR (\$)
Cash at Bank	1,010,768	-

Net foreign exchange gain included in other income for the year \$18,388 (30 June 2017: N/A).

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 2017: N/A).

Sensitivity:

As above, the Group is exposed to changes in the EUR/AUD exchange rate. Sensitivity to movement in the foreign exchange rate is shown below

	Impact on post tax profit	
	2018	2017
EUR/AUD exchange rate – increase 1%	10,090	N/A
EUR/AUD exchange rate – decrease 1%	(9,990)	N/A

vi. 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 2018 (\$)	30 June 2017 (\$)
Financial Assets	2,212,737	2,637,363
Financial Liabilities	(29,788)	(374,803)
	2,182,949	2,262,560

As at 30 June 2018, the Group had net cash of A\$2,182,949, comprising borrowings of A\$29,788 (EUR 18,897), and cash reserves (including bank guarantees) of A\$2,212,737 (EUR 761,787 and AUD 1,010,127).

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

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Bank overdrafts	5.65%	5.65%
Bank loans	-	5.26%
Maturity of interest-bearing loans and borrowings		
Repayable on demand	29,788*	32,239*
Less than 6 months	-	14,406*
Between 1 and 2 years	-	8,868*
Between 2 and 5 years	-	29,836*
5 years and over	-	289,453*

*AUD equivalent values of borrowings denominated in Euros.

At 30 June 2018 Group's borrowings is an overdraft which is repayable on demand. At 30 June 2017, the maturity dates of the Group's borrowings ranged from 30th November 2017 to 31th December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2018

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	0.57%	2,212,737	-	2,212,737
Borrowings	5.65%	-	29,788	29,788

30 June 2017

	Weighted Average Effective Interest	Cash Available for use	Borrowings Payable on Demand	Borrowings			Total
				Maturing within 1 Year	Maturing 1 to 5 years	Maturing 5 years and over	
Cash and cash equivalents	1.5%	2,637,363	-	-	-	-	2,637,363
Borrowings	5.29%	-	32,239	14,406	38,704	289,454	374,803

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

For Cash and cash equivalents and borrowings, a change of the above stated basis point amounts in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

As suggested in the disclosure on the above, the Group does not earn interest on cash held in EUR currency, and therefore only earns interest on cash held in AUD. The below table reflects this.

	Reasonably possible basis point change		% interest rate increase (\$)	% interest rate decrease (\$)	% interest rate increase (\$)	% interest rate decrease (\$)
	2018	2017	2018		2017	
Cash and cash equivalents	25	25	2,516	(2,516)	6,594	(6,594)
Borrowings	100	100	(298)	298	(3,748)	3,748
Net increase or decrease in Group's profit or loss			2,218	(2,218)	2,846	(2,846)

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

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

The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2018 (\$)	30 June 2017 (\$)
Cash at Bank and on hand	2,212,737	2,637,363
	2,212,737	2,637,363

No amount of the Group's Cash at bank and on hand is restricted (30 June 2017: \$297,214 (€200,000)). Refer to Note 8 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

Risk exposure

The Group's exposure to interest rate risk is discussed in Note 8. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 8.

11. RECEIVABLES AND OTHER ASSETS

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Trade receivables	20,728	37,963
Net Trade receivables	20,728	37,963
Security Deposits	30,240	56,575
GST/VAT/Sales Tax Receivable	124,831	202,769
Shareholder Loans	-	10,860
Other receivables	851	-
Trade and Other receivables	176,650	308,167
Prepayments	131,523	23,146
	308,173	331,313

At 30 June 2018 Prepayments includes an amount of \$118,975 (€75,426) representing advance payments for the procurement of raw material for the production of Mente Autism Devices.

Risk exposure

Refer to Note 8 above for credit risk disclosures in relation to above Trade and Other Receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INVENTORIES

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
CURRENT		
Raw Materials	60,767	12,305
Finished Goods ⁽ⁱ⁾	10,214	68,441
	70,981	80,746

(i) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 30 June 2018 amounted to \$29,435 (2017: \$60,005). Refer to Note 5 for further disclosure on the nature of these costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Improvements to premises	Medical and other equipment	Computer equipment and software	Furniture and fittings	Total
Year ended 30 June 2018					
Balance at 1 July 2017, net of accumulated depreciation	166,583	104,429	47,095	145,997	464,104
Additions	25,306	37,754	5,663	29,118	97,841
Movement in foreign currency	9,630	5,243	2,489	7,907	25,269
Disposals/Write off	(41,877)	(640)	(1,715)	(47,344)	(91,576)
Depreciation expense	(20,236)	(45,778)	(15,474)	(39,950)	(121,438)
Balance at 30 June 2018, net of accumulated depreciation	139,406	101,008	38,058	95,728	374,200
Balance at 30 June 2018					
Cost	178,898	218,914	75,242	169,033	642,087
Accumulated Depreciation	(39,492)	(117,906)	(37,184)	(73,305)	(267,887)
Net carrying amount as at 30 June 2018	139,406	101,008	38,058	95,728	374,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Improvements to premises	Medical and other equipment	Computer equipment and software	Furniture and fittings	Total
Year ended 30 June 2017					
Balance at 1 July 2016, net of accumulated depreciation	187,193	93,853	92,936	177,341	551,323
Additions	-	17,531	14,771	13,394	45,696
Movement in foreign currency	(1,511)	35,019	(36,923)	(1,751)	(5,166)
Disposals	-	(892)	(1,941)	(3,285)	(6,118)
Depreciation expense	(19,099)	(41,082)	(21,748)	(39,702)	(121,631)
Balance at 30 June 2017, net of accumulated depreciation	166,583	104,429	47,095	145,997	464,104
Balance at 30 June 2017					
Cost	196,295	175,278	111,553	203,941	687,067
Accumulated Depreciation	(29,712)	(70,849)	(64,458)	(57,944)	(222,963)
Net carrying amount as at 30 June 2017	166,583	104,429	47,095	145,997	464,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS

	Website	Mente Development	Trademarks	Patents	Total
Year ended 30 June 2018					
Balance at 1 July 2017, net of amortisation	42,882	1,354,879	1,349	39,530	1,438,640
Additions	-	675,881	-	-	675,881
Movement in foreign currency	2,180	72,976	82	3,461	78,699
Impairment	-	(137,578) ¹	-	-	(137,578)
Assets written off	-	(3,300)	(1,496)	(1,154)	(5,950)
Amortisation expense	(17,685)	(387,531)	65	(3,900)	(409,051)
Balance at 30 June 2018, net of accumulated amortisation	27,377	1,575,327	-	37,937	1,640,641
Balance at 30 June 2018					
Cost	79,547	2,096,720	2,758	59,900	2,238,925
Amortisation	(52,170)	(521,393)	(2,758)	(21,963)	(598,284)
Net carrying amount as at 30 June 2018	27,377	1,575,327	-	37,937	1,640,641

¹ This amount is the value of the Group's Mente Pro project which was recognised as an intangible asset at 30 June 2017, during the financial year, the Group has impaired this asset in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS (CONTINUED)

	Website	Mente Development	Trademarks	Patents	Total
Year ended 30 June 2017					
Balance at 1 July 2016, net of amortisation	51,109	835,221	1,877	43,627	931,834
Additions	13,969	876,213	-	-	890,182
Movement in foreign currency	(755)	(10,478)	(22)	(333)	(11,588)
Impairment	-	(123,108) ¹	-	-	(123,108)
Assets written off	(3,923)	(3,248)	-	(101)	(7,272)
Amortisation expense	(17,518)	(219,721)	(506)	(3,663)	(241,408)
Balance at 30 June 2017, net of accumulated amortisation	42,882	1,354,879	1,349	39,530	1,438,640
Balance at 30 June 2017					
Cost	74,993	2,122,971	2,601	56,471	2,257,036
Amortisation	(32,111)	(768,092)	(1,252)	(16,941)	(818,396)
Net carrying amount as at 30 June 2017	42,882	1,354,879	1,349	39,530	1,438,640

¹ This amount relates to three of the Group's projects for which costs were capitalised at 30 June 2016, and have now been impaired in line with the write-off of Mente 2 project costs.

Significant accounting judgement and estimation

Development costs are carried at cost less accumulated amortisation. The total amount of development costs has been subject to impairment testing. If an impairment indication arises, 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 are no indicators of impairment at 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PAYABLES

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Trade payables	127,296	153,190
Accruals	120,398	40,428
Other payables	98,178	88,617
	345,872	282,235

Risk exposure

Refer to Note 8 above for risk disclosures.

16. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Current Borrowing		
Bank overdrafts	29,788	32,239
Bank loans	-	97,627
	29,788	129,866
Non-current Borrowing		
Bank loans	-	244,937
	-	244,937

Risk exposure

Refer to Note 8 above for risk disclosures.

17. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2018 (Shares)	2017 (Shares)	2018 (\$)	2017 (\$)
Ordinary Shares	109,012,046	88,035,112	14,309,941	10,354,758
Total Share Capital	109,012,046	88,035,112	14,309,941	10,354,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Movements of share capital during the period

Date	Details	No of shares	Issue price(\$)	\$
01.07.2016	Opening Balance	49,932,612		3,977,804
13.09.2016	Shares issued to Chasm Hop/Bonavita/Vella	699,000	0.16	111,840
28.10.2016	Shares issued to Wolfgang Storf (Note 6)	466,000	0.16	74,560
28.10.2016	Shares issued to Adrian Trevisan (Note 6)	1,000,000	0.16	160,000
28.10.2016	Shares issued to Azure Capital (Note 6)	937,500	0.16	150,000
28.10.2016	IPO raising	35,000,000	0.20	7,000,000
28.10.2016	Cost of Share Issue			(1,119,446)
Closing Balance as at 30/06/2017		88,035,112		10,354,758
25.10.2017	Share Placement – Tranche 1	13,205,266	0.20	2,641,053
30.11.2017	Share Placement – Tranche 2	6,794,734	0.20	1,358,947
30.11.2017	Cost of Share Issue			(240,000)
30.11.2017	Issue of shares to Wolfgang Storf	471,277	0.24	112,864
30.11.2017	Issue of shares Adrian Attard Trevisan	411,371	0.16	65,819
30.11.2017	Issue of shares for provision of services	94,286	0.175	16,500
Closing Balance as at 30/06/2018		109,012,046		14,309,941

Ordinary Shares

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

18. OTHER RESERVES

	CONSOLIDATED		
	Capital Reserve (\$)	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)
Balance at 1 July 2016	111,840	875,095	(136,631)
Issue of shares to Chasm Hop/Bonavita/Vella	(111,840)	-	-
Foreign exchange movement	-	-	48,333
Share based payment to Azure Capital (Note 6)	-	273,500	-
Vesting of share-based payments (Note 6)	-	89,908	-
CEO bonus, to be issued through issue of shares	112,864	-	-
Value of share rights vested to Dr Adrian Attard Trevisan (Note 6)	65,819	-	-
Balance at 30 June 2017	178,683	1,238,503	(88,298)
Foreign exchange movement	-	-	121,636
Issue of shares to Wolfgang Storf	(112,864)	-	-
Issue of shares Adrian Attard Trevisan	(65,819)	-	-
Vesting of share-based payments (Note 6)	-	28,101	-
Shares to be issued to CEO Wolfgang Storf*	74,560	(74,560)	-
Balance at 30 June 2018	74,560	1,192,044	33,338

*Subject to shareholder approval at a General Meeting

(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.

Shares issued to Wolfgang Storf

The shares issued to Mr. Wolfgang Storf are the settlement of his performance bonus relating to the 9 month period 1 April 2016 to 31 December 2016. Shareholders approved the issue of these shares at Group's most recent Annual General Meeting which was held on 23 November 2017.

Shares issued to Dr Adrian Attard Trevisan

The shares issued to Dr Adrian Attard Trevisan are for the settlement of performance rights which vested on 1 April 2017, being the date that ceased as an employee of the Group and became a non-executive director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in share rights during the period

Date	Details	No of rights	Issue price(\$)	\$
01.07.2016	Opening Balance	-		-
01.10.2016	Share rights granted to Adrian Attard Trevisan	3,000,000	0.16	480,000
01.04.2017	Forfeited	(2,588,629)	0.16	(414,181)
Closing Balance as at 30/06/2017		411,371		65,819
30.11.2017	Settlement share rights, issue of shares	(411,371)	0.16	65,819
Closing Balance as at 30/06/2018		-		-

(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.

19. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Accumulated (loss) at the beginning of the year	(7,388,518)	(3,356,728)
Net (loss) attributable to shareholders	(3,990,293)	(4,031,790)
Accumulated (loss) at the end of the year	(11,378,811)	(7,388,518)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
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	(3,990,293)	(4,031,790)
Depreciation & Amortisation	530,488	363,039
Share based payment	44,601*	390,287
Non-cash settlement ¹	-	123,630
Write off of Loan receivable ²	10,697	
Cost of rejected inventory and stock trade ins	58,000	20,537
Obsolete stock written off	47,528	79,222
Impairment	137,578	123,108
Fixed Assets and Intangibles Write off	54,492	13,390
Changes in assets & liabilities		
(Increase)/Decrease in trade and other receivables	131,517	(78,617)
Decrease in inventories	9,765	106,924
(Increase) in prepayments	(108,377)	(5,425)
Increase/(Decrease) in trade and other payables	63,637	(225,278)
(Decrease) in FX movements	(15,295)	-
Cash flow from/(used in) Operating Activities	(3,025,662)	(3,120,973)

¹ **Non-cash settlement relates to:**

- The value of CEO's short-term incentive bonus which was through the issue of shares in the parent Company, Neurotech International Limited, in November 2017.
- Transactions which were incorrectly recognised in former Non-executive director Dr Adrian Attard Trevisan's loan account in a prior period which should have been recognised as expenses of the Group in that year were recognised as expenses in the 2017 financial year.

² **Write off of Loan receivable:**

- Former Non-executive director Dr Adrian Attard Trevisan owed an amount of €6,849 (A\$10,697) to the Group at the date of his retirement from the Board, 27 June 2018. The Board resolved to write off this loan amount and has recognised as an expense in the financial year.

*\$44,601 includes GST of \$1,500, therefore amount is \$43,101, an amount consistent with Note 6, "share based payments".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group		Principal Activities
		2018	2017	
AAT Research Ltd	Malta	100%	100%	Parent Group of AAT Medical Ltd, AAT Intellectual Property Ltd and AAT Services Ltd
AAT Medical Ltd	Malta	100%	100%	Executing medical research projects and Developing novel technological devices that are marketable
AAT Intellectual Property Ltd	Malta	100%	100%	Publishing, registering and maintaining intellectual property
AAT Services Ltd	Malta	-	100%	<i>Liquidated in 2018 financial year</i>

22. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 July 2018 the Group appointed Dr David Cantor to the Board, as a Non-executive director. Information on the Experience and Expertise of Dr Cantor is provided in the Director's report above.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. 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 2018 (\$)	30 June 2017 (\$)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	39,364	49,026
Total remuneration for Audit and Other Assurance Services	39,364	49,026
Other Service		
Non Auditing Service - BDO Corporate Finance (WA) Pty Ltd	5,345	8,274
Total remuneration for Other Service	5,345	8,274

24. COMMITMENTS

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Not later than one year	223,254	189,320
Later than one year but not later than five years	57,650	157,538
Later than five years	-	-
TOTAL	280,904	346,858

Production of Mente Units

As at 30 June 2018, the Group has a commitment for the assembly of Mente Devices, assembly of Mente Headbands and the acquisition of printed circuit boards (PCB's). These services are provided by 3 separate suppliers, none of which are related parties of the Group.

The value of the commitment at 30 June 2018 is €85,653 (A\$135,015 equivalent)

Administration Services Fees Commitment

Refer to Note 28 for disclosure on the Group's Administration Services Agreement with Tribis Pty Ltd (Tribis).

The agreement has no specified end date, and could be cancelled by either party after the provision of 6 months' notice. As a result, the above commitments table includes 6 months of payments, at \$7,500 AUD per month, exclusive of GST.

Office Lease Commitment

The Group has an Office Lease Agreement. On 1 March 2018, through AAT Medical, the Group entered into a lease with Malta Digital Hub Limited, being a Group incorporated in Malta, in respect of a premise within Block LS3, Malta Life Sciences Park San Gwann Industrial Estate, San Gwann, Malta (**Office Lease**).

The Office Lease is for a term of over 32 months commencing on 1 March 2018 and expiring on 31 October 2020. AAT Medical has an option to extend the term for a further 5 years, and the disclosure above does not include amounts that would be payable under this optional term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fee for the lease is €27,430 per annum, exclusive of VAT. At 30 June 2018, the commitment for the period to 31 October 2020 is €64,003, equivalent to A\$100,889.

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

25. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2018 was based on the loss attributable to ordinary Shareholders of \$3,990,293 (2017: \$4,031,790) and a weighted average number of ordinary shares outstanding during the year of 101,523,862 (2017: 74,881,920).

	30 June 2018 (\$)	30 June 2017 (\$)
Basic loss per share (cents per share)	(3.93)	(5.38)
(a) RECONCILIATION OF EARNINGS TO OPERATING LOSS		
(Loss) attributable to ordinary Shareholders		
(Loss) after tax	(3,990,293)	(4,031,790)
(Loss) used in the calculation of Earnings (Loss) Per Share	(3,990,293)	(4,031,790)
(b) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares	101,523,862	74,881,920
Weighted average number of ordinary shares (WANOS)	101,523,862	74,881,920

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.

26. 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 2018.

27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2018 and 30 June 2017 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. 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.

Key Management Personnel

Directors and Executives compensation for the year to 30 June 2018 is as follows:

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Short-term employee benefits	1,038,086	1,017,133
Post- employment benefits	-	-
Long-term benefits	-	-
Termination benefits	53,878	-
Share-based payments	28,101	390,287
	1,120,065	1,407,420

Detailed remuneration disclosures are provided in the Remuneration Report on pages 14 to 25.

Transactions with other related parties

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

The following transactions occurred with related parties for the year ended 30 June 2018.

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Administration Fee to Tribis Pty Ltd	90,000	60,000
	90,000	60,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes in relation to the table of related party transactions

The Group has an Administration Services Agreement with Tribis Pty Ltd (Tribis). Tribis provides office space, office equipment, supplies, corporate management and administration services in connection with the operations of the Group. Corporate administration services include those services necessary for the proper administration of a small public Group, including the engagement of Mr. Simon Trevisan as a Non-Executive Director and Mrs. Fleur Hudson as Group Secretary.

The Group must pay a monthly fee to Tribis plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month. From 4th November 2016, Tribis charged a monthly fee of \$7,500 plus GST per month for Administration Services, which has been paid in full by the Group on ordinary terms. The fee was charged for 8 months of the 2017 financial year, but has been charged for the full year in the 2018 financial year; hence the disclosed total transaction amount is higher for the 2018 financial year.

Simon Trevisan (a Non-Executive Director of the Group) is a Director and Shareholder of the Tribis.

Loans to/from related parties

	CONSOLIDATED	
	30 June 2018 (\$)	30 June 2017 (\$)
Loans to Key Management Personnel		
Beginning of period	10,179	20,991
Loan draw down	-	10,038
Repayments	-	(20,451)
Foreign Exchange movement	518	(399)
Debt write off	(10,697)	-
End of period	-	10,179

The above loan relates to, Dr Adrian Attard Trevisan, a non-executive director of the Group who retired from the Board on 27 June 2018.

The Board then resolved that the loan outstanding will be written off effective at 30 June 2018

There were no other related parties' transactions to individual or Directors of the Group during the period ended 30 June 2018.

Other Key Management Personnel Transactions with the Group

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, Neurotech International Limited, as at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2018 (\$)	30 June 2017 (\$)
Current assets	2,941,987	3,132,937
Non-current assets	1,368,731	1,186,117
Total Assets	4,310,718	4,319,054
Current liabilities	50,564	25,093
Non-current liabilities	-	-
Total Liabilities	50,564	25,093
Net Assets	4,260,154	4,293,961
Contributed equity	18,258,926	14,303,743
Reserve	1,266,604	1,417,186
(Accumulated losses)	(15,265,376)	(11,426,968)
Total Equity	4,260,154	4,293,961
(loss) for the year	(3,838,408)	(10,496,255)
Other comprehensive (loss) for the year	-	-
Total Comprehensive (loss) for the Year	(3,838,408)	(10,496,255)

There are no other separate commitments and contingencies for the parent entity other than Management commitments stated in Note 23 for the Group as at 30 June 2018.

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 30 to 81, 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 2018 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 2018.

Signed in accordance with a resolution of the Directors.



Simon Trevisan

Non-Executive Director

Dated at Perth, Western Australia, this 31st August 2018



Wolfgang Johannes Storf

Chief Executive Officer

Dated at Perth, Western Australia, this 31st August 2018

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 2018, 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 2018 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* (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.

Capitalisation and Recoverability of Development Asset

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year, the Group capitalised internal development costs, as disclosed in Note 14. These costs were predominantly in relation to the development of the Mente projects and mainly consist of payroll. The Group's accounting policy is described in Note 1 of the financial report.</p> <p>The capitalisation of internally generated intangible assets was assessed as being a key audit matter due to the significance of the costs capitalised and the specific criteria that are required to be met for capitalisation under accounting standards. This criteria involves management judgement with respect to the technical feasibility of the project and the likelihood of the project delivering future economic benefits, the ability to measure the costs reliably and determine whether the costs are directly attributable to the project, and the estimation of the useful lives of the completed project.</p> <p>There is also judgement involved in assessing if there are any indicators of impairment of the intangible assets at 30 June 2018.</p>	<p>In addressing this matter our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none">• Holding discussions with management to understand the nature and feasibility of the development project as at 30 June 2018;• Assessing a sample of costs capitalised against the criteria for capitalisation as set out in the standards;• Evaluating for the useful economic life attributed to the asset;• Challenging management's assessment of the existence of impairment indicators and assessing for potential indicators independently; and• Assessing the adequacy of disclosures in Notes 1 and 14 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 2018, 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 (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Neurotech International Limited, for the year ended 30 June 2018, 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

A handwritten signature in blue ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'J Prue' is written in a cursive, flowing script.

Jarrad Prue
Director

Perth, 31 August 2018

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is as at 27 August 2018

(a) Distribution of Equity Securities:

Listed Fully Paid Ordinary Shares	Number of Holders	Number of Shares
1 - 1,000	18	3,971
1,001 - 5,000	180	578,238
5,001 - 10,000	147	1,165,407
10,001 - 100,000	381	14,342,505
100,001 - and over	125	92,921,925
Total	851	109,012,046

There were 131 holders of less than a marketable parcel of ordinary shares

(b) Top twenty Equity holders:

Listed Fully Paid Ordinary Shares	Number of Shares	Percentage of Shares
1 MS KRYSTLE ATTARD TREVISAN	19,837,236	18.20%
2 HSBC CUSTODY NOMINEES (SG HISCOCK & COMPANY LIMITED)	10,768,181	9.88%
3 TRIBIS PTY LTD	5,405,100	4.96%
4 SHIMANO VENTURES LTD	4,657,588	4.27%
5 J & J BANDY NOMINEES PTY LTD	3,699,709	3.39%
6 MR ALEXANDER GRECH	2,965,624	2.72%
7 SURF COAST CAPITAL PTY LTD	2,641,694	2.42%
8 PYXIS HOLDINGS PTY LTD	2,400,000	2.20%
9 MS MERLE SMITH &	2,000,000	1.83%
10 MR STEPHEN CHETCUTI BONAVIDA	1,789,939	1.64%
11 MR MELVYN TOOMEY	1,397,500	1.28%
12 SILKSHORE HOLDINGS PTY LTD	1,250,000	1.15%
13 FARRIS CORPORATION PTY LTD	1,219,079	1.12%
14 INVERNESS INVESTMENTS PTY LTD	1,011,465	0.93%
15 MS MARY LOU BISHOP	1,000,000	0.92%
16 DR STUART LLOYD PHILLIPS &	1,000,000	0.92%
17 AZURE CAPITAL INVESTMENTS	937,500	0.86%
18 B F A PTY LTD	811,104	0.74%
19 MR HIEU HUU NGUYEN	800,000	0.73%

INDEPENDENT AUDIT REPORT

Listed Fully Paid Ordinary Shares	Number of Shares	Percentage of Shares
20 MISS LIJIAO CHEN	744,000	0.68%
	66,335,719	60.84%

(c) Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at \$0.20 on or before 30 November 2020.	10,894,390	8

Azure Capital Investments holds 2,529,076 (23.21%) of the options. No other party holds more than 20% of the securities.

(d) Substantial Shareholders

The names of the substantial Shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares	Percentage of Ordinary Shares
MS KRYSTLE ATTARD TREVISAN	19,837,236	18.20%
SG HISCOCK & COMPANY LIMITED	10,768,181	9.88%

(e) Restricted Securities

There are 28,487,058 fully paid ordinary shares on issue subject to escrow restriction until 4 November 2018.

There are 10,894,390 unquoted options exercisable at \$0.20 on or before 30 November 2020 subject to escrow restriction until 4 November 2018.

(f) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.