

Appendix 4D



PainChek Limited ABN: 21 146 035 127
Preliminary financial statement for the half-year ended 31 December 2021
as required by ASX listing rule 4.2A

Results for Announcement to the Market (all comparisons to half year ended 31 December 2020)

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	341	169%
Other income – R&D Grant	1,090	11%
Other income – Government Grant	649	(33%)
Total Revenue / Other Income	2,080	0%
Loss from continuing activities after tax attributable to members	(1,822,411)	(35%)
Net loss attributable to members	(1,816,490)	(35%)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
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:

This information should be read in conjunction with the 2021 Annual Report.
 Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2021.

Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

Details Relating to Dividends

N/A

Net Tangible Assets per Security

	31 Dec 2021	31 Dec 2020
Net tangible asset backing per ordinary security	0.6 cents	1.1 cents

Details of Entities Over Which Control has been Gained or Lost

N/A

Details of Associates and Joint Venture Entities

N/A

Audit/Review Status

<p>This report is based on the consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by the Company's independent auditor, BDO Audit Pty Ltd. The independent auditor's review report contains an emphasis of matter in relation to going concern which draws attention to Note 1 in the financial report.</p>
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PainChek Limited

ABN 21 146 035 127

Half year report for the half-year ended

31 December 2021

Corporate directory

Board of Directors

Mr John Murray	Non-Executive Chairman
Mr Philip Daffas	Managing Director
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director

Company Secretary

Ms Sally McDow

Registered Office

Suite 401, 35 Lime Street
Sydney NSW 2000

Principal Place of Business

Suite 401, 35 Lime Street
Sydney NSW 2000

Postal Address

Suite 401, 35 Lime Street
Sydney NSW 2000

Website

Website: www.painchek.com

Auditors

BDO Audit Pty Ltd

Share Registry

Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney, NSW 2000
Tel: +61 2 9290 9600
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Stock Exchange

Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code

PCK

Half year report for the half-year ended 31 December 2021

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Directors' report

The directors of PainChek Limited ("PainChek" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group" or "Consolidated Entity") for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

The names of the directors of the Company during or since the end of the half-year are noted below. Directors were in office for the entire period unless otherwise stated:

Mr John Murray
 Mr Philip Daffas
 Mr Ross Harricks
 Mr Adam Davey

Operating results

During the half year the Group continued the commercialisation and development of the PainChek App and reported a loss from operations of \$1,822,411 (31 December 2020: \$1,346,150) principally due to:

- Cost of Sales \$634,825 (31 December 2020: \$222,480)
- Share based payments in respect of Director performance rights and management options of \$188,123 (non-cash) (31 December 2020: \$314,396);
- Research and development expenditure of \$1,069,366 (31 December 2020: \$1,080,678);
- Corporate and administration expenses of \$1,239,461 (31 December 2020: \$1,134,117);
- Marketing and business development expenses of \$770,989 (31 December 2020: \$675,998);
- Other Income - R&D Grant of \$1,090,000 (31 December 2020: \$979,621); and
- Other Income – Government Grant \$648,710 (31 December 2020: \$975,000).

Operating Cashflow and Funding

Payments during the year include \$1,401,059 for a payroll tax assessment that related to the year ending 30 June 2017, the expense is included in the operating results for the year to 30 June 2021. The assessment was objected to by the Company in August 2021. In February 2022 the Office of State Revenue rejected the Company's objection to the assessment and the Company is now considering the costs and benefit of progressing to litigation.

The Research & Development Tax incentive has been registered with AusIndustry for the year to 30 June 2021 and the Company expects to obtain a refund of \$1,090,000 by 30 June 2022.

PainChek currently has sufficient funds to fund ongoing operations for at least the remainder of financial year 2022. PainChek is exploring a variety of fundraising options during the remaining financial year 2022. The Company has successfully raised funds from new investors and current shareholders in the past, and expects this support to continue going forward.

Review of Operations

Core Residential Aged Care (RAC) Market

The RAC market penetration goals continue to be achieved and this market formed the base for all revenue in the half year to 31 December 2021. There are 125,167 approved beds contracted under annual PainChek® license across 1,509 RAC facilities as at 31 December 2021, representing 80% and 64% growth respectively over the previous year and about 60% domestic RAC market share. Over 50% of the contracted clients have been implemented and are using PainChek® in their clinical pain assessments.

The projected Annualised Recurring Revenue (ARR) from current customers (normalised post government trial) has increased 87% for the year to \$5.73M. Australian customers contracted under the government grant received a 12-month funded trial of the PainChek® application. There are now commercial paying customers with ARR of \$1M after transitioning off the Australian government grant after their first 12 months. Clients representing 75% of contracted beds have entered into agreements that have second year commercial terms post completion of the government grant period. Normalised ARR is post completion of the government grant reflecting contracted or standard pricing on completion of the trial. It assumes all clients fully implement the PainChek® App and enter a standard PainChek contract after the initial 12-month grant period.

PainChek® utility continued significant growth in line with implemented beds. More than 850,000 PainChek® clinical assessments have been conducted in aged care as of 31 December 2021, an increase of 224% over the previous year and 31% over the prior quarter, reflecting strong clinical utility and continued implementation progress within Australian RAC facilities.

RAC Implementation and User Training was successfully delivered remotely during COVID pandemic. The PainChek clinical team has continued to use the PainChek digital capability to deliver training remotely, through the COVID-19 restrictions that have been in place, supplementing the PainChek online learning curriculum. Over 8,000 users have been trained, with over 1,700 during the December quarter. While the recent COVID-19 outbreaks in Aged Care have delayed some implementations, the team has scheduled training for the majority of the outstanding contracted clients during the remainder of FY22 to maintain the client transition to standard PainChek contracts post the government grant period.

Broadening Adult App into new markets

UK RAC progress extending into Scotland, Wales and Ireland. A new agreement with Care South will provide a strong growth platform opportunity (up to 1,700 beds), while Scottish and Welsh market pilot opportunities and new opportunities with Care UK and Hansdale are part of a rapidly growing pipeline for 2022 building on PainChek's current direct sales base. PainChek® is now integrated with four major CMS partners, Person Centred Software, Access Health, Nourish, Care Vision and VCare in Ireland. This provides a strong growth potential as these partners have more than 175,000 aged care bed coverage in UK and Ireland.

In New Zealand, Summerset Care is the third largest RAC provider and it has confirmed a successful pilot completion. There is an agreement in principle to expand the agreement across its full 1,200 NZ-based aged care beds starting in calendar year 2022, with the contract scheduled to be completed in Q3 FY2022 for roll out prior to end FY22.

PainChek announced entry into the Australian Home Care market, with a contract to pave the way for a first direct sale into Home Care and an integrated medication and pain management solution, in partnership with Sigma Healthcare subsidiary MPS Connect. The MPS Connect MediSphere™ Electronic Medication Management (EMM) System is the first EMM to fully integrate with the PainChek® Universal App to provide full pain management, monitoring effectiveness for pain relief. The first MPS led commercial sale was achieved in January 2022 with Forest Lake Lodge Aged Care in Brisbane, and Home Care sales are projected to commence in Q1 CY2022. MPS Connect currently services over 800 preferred pharmacy clients and 1,400 RAC facilities, and MPS and PainChek are planning a joint promotional roadshow to all major clients in Q1 CY2022.

Hospital and Disability markets continue to progress towards entry. Clinical studies continue at Ramsay Hospital Research Foundation to introduce PainChek® Universal as standard care in the geriatric and rehabilitation wards at the hospital. PainChek® Universal continues in clinical use with the Nulsen Disability group in Western Australia and a commercial agreement is being finalised prior to a broader launch into the NDIS community.

Strategic New Product and Global Market Entries for 2022

PainChek® Infant is a world first automated pain assessment technology to assess post procedural pain for infants - aged between one month to one year. It is a 3 second “face only” pain assessment utilising the video capability of a smart device. PainChek believes this is a unique and timely global market opportunity with upcoming roll out of the COVID-19 Infant Vaccination programme in 2022. It has been designed for use by both healthcare professionals and home consumers such as parents. PainChek Infant has received multiple market regulatory clearances including Australian TGA and CE Mark (Europe) and at clinical study focused on the product has now been published in the world recognised Lancet Digital Health journal.

The COVID-19 vaccination programme continues to shift to the younger age groups, with the COVID-19 Infant (1 month to 1 year of age) programme scheduled to commence globally in Q2 2022. With the infant population, there are likely to be additional documented issues that may impact achieving the 90%+ vaccination target, including:

Parental risk aversion: While adult parents are more open to be self-vaccinated, it is likely they will be more hesitant with their young children.

Broadening the existing Infant vaccination programme: Infants can receive up to 5 different vaccinations in their first year of life and in countries such as Australia over 95% of infants are vaccinated annually. The addition of the COVID-19 vaccine may result in increased additional adverse reactions and the need to understand and manage these effects, including pain.

Infants cannot self-report their pain and may experience post procedural pain: Assessing and documenting pain with an objective measure for infants is a current gap in the global roll out plan and an important measure of adverse effects reporting within the COVID-19 and other future vaccination programmes.

PainChek has proposed to work with governments and the healthcare community as the vaccine programme extends to the younger groups. The PainChek® Infant App is available to support the provision of better post-vaccine care for infants by generating medication safety data about the incidence, intensity and duration of post-immunisation pain, addressing parental satisfaction with post-immunisations pain management and minimising parents’ level of immunisation hesitancy. Good pain management can also see a reduction in hospital and doctor office visits post-vaccination.

US Food and Drug Administration (FDA) regulatory clearance is in progress with Adult and Infant Apps. The Company submitted the pre-submission supplement in Q4 CY2021 and FDA response is expected end of Q1 CY2022. The Company is progressing a potential application for the PainChek® Infant App to be registered in the US as a Clinical Decision Support device to support the US-based COVID-19 infant vaccination roll out plan. In the meantime, PainChek® already has TGA (Australian Therapeutic Goods Administration), CE Mark (Europe), HSA Singapore and Health Canada clearances that covers approximately 40% of the global market for the Adult and Infant App. With FDA clearance the Company will effectively have access to more than 70% of the global medical device market.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'John Murray', with a stylized, cursive script.

John Murray

Chairman

25 February 2022

Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF PAINCHEK LIMITED

As lead auditor for the review of PainChek Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 25 February 2022

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021

		Consolidated	
		31 Dec 2021	31 Dec 2020
		\$	\$
	Note		
Continuing operations			
Revenue	3	341,643	126,898
Other Income – R&D Grant	4	1,090,000	979,621
Other income – Government Grant	4	648,710	975,000
Cost of Sales		(634,825)	(222,480)
Research and development expenses		(1,069,366)	(1,080,678)
Corporate and administration expenses		(1,239,461)	(1,134,117)
Marketing and business development expenses		(770,989)	(675,998)
Share based payment expenses	5	(188,123)	(314,396)
Loss before income tax		(1,822,411)	(1,346,150)
Income tax benefit		-	-
Loss for the period attributable to Owners of PainChek Limited		(1,822,411)	(1,346,150)
Other comprehensive income, net of income tax		5,921	(2,488)
Total comprehensive loss for the period		(1,816,490)	(1,348,638)
Total comprehensive loss attributable to:			
Owners of PainChek Limited		(1,816,490)	(1,348,638)
Loss per share:			
Basic and diluted (cents per share)	6	(0.2)	(0.1)

Condensed notes to the financial statements are included on pages 10 to 15

Consolidated statement of financial position as at 31 December 2021

		Consolidated 31 Dec 2021 \$	Consolidated 30 June 2021 \$
Current assets			
Cash and cash equivalents		6,466,041	11,419,512
Trade and other receivables	7	1,498,326	372,929
Total current assets		7,964,367	11,792,441
Non-current assets			
Property, plant and equipment		20,232	18,455
Total non-current assets		20,232	18,455
Total assets		7,984,599	11,810,896
Current liabilities			
Trade and other payables		1,049,005	3,399,364
Provisions		139,582	167,153
Total current liabilities		1,188,587	3,566,516
Total liabilities		1,188,587	3,566,516
Net assets		6,796,012	8,244,379
Equity			
Issued capital	8	30,918,986	30,738,987
Reserves		12,984,275	12,790,230
Accumulated losses		(37,107,249)	(35,284,838)
Total equity		6,796,012	8,244,379

Condensed notes to the financial statements are included on pages 10 to 15

Consolidated statement of changes in equity for the half-year ended 31 December 2021

<i>Consolidated</i>	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	21,261,767	12,095,111	(29,228,421)	4,128,457
Loss for the period	-	-	(1,346,150)	(1,346,150)
Other comprehensive income				
Foreign exchange gains / losses	-	(2,488)	-	(2,488)
Total comprehensive loss for the period	-	(2,488)	(1,346,150)	(1,348,638)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares (refer to note 8)	10,000,000		-	10,000,000
Share issue costs (refer to note 8)	(522,780)		-	(522,780)
Issue of shares on exercise of options (refer to note 8)	-	-	-	-
Recognition of share-based payments	-	314,396	-	314,396
Balance at 31 December 2020	30,738,987	12,407,019	(30,574,571)	12,571,435

Balance at 1 July 2021	30,738,986	12,790,231	(35,284,838)	8,244,379
Loss for the period	-	-	(1,822,411)	(1,822,411)
Other comprehensive income	-	5,921	-	5,921
Total comprehensive loss for the period	-	5,921	(1,822,411)	(1,816,490)
Issue of shares on exercise of options	180,000	-	-	180,000
Reversal of share based payments	-	(233,783)	-	(233,783)
Recognition of share based payments	-	421,906	-	421,906
Balance at 31 December 2021	30,918,986	12,984,275	(37,107,249)	6,796,012

Condensed notes to the financial statements are included on pages 10 to 15

Consolidated statement of cash flows for the half-year ended 31 December 2021

	Consolidated	
	Half-year ended	
	31 Dec 2021	31 Dec 2020
Note Cash	\$	\$
flows from operating activities		
Receipts from customers	294,638	81,162
Payments to suppliers and employees	(5,493,002)	(3,301,792)
Interest received	4,018	8,897
Rebates and grants received	78,700	67,500
Net cash used in operating activities	(5,115,646)	(3,144,233)
Cash flows from investing activities		
Payments for property, plant and equipment	(10,831)	(32,254)
Net cash used in investing activities	(10,831)	(32,254)
Cash flows from financing activities		
Proceeds from issue of shares	180,000	10,000,000
(Payment) of share issue costs	-	(522,781)
Net cash Inflow/(Outflow) from financing activities	180,000	9,477,219
Net (decrease)/increase in cash and cash equivalents	(4,946,478)	6,300,732
Cash and cash equivalents at the beginning of the period	11,419,512	6,120,090
Effect of foreign exchange on cash balances	(6,994)	(4,360)
Cash and cash equivalents at the end of the period	6,466,041	12,416,462

Condensed notes to the financial statements are included on pages 10 to 15

Condensed notes to the financial statements for the half-year ended 31 December 2021

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Group for the year ended 30 June 2021 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 25 February 2022.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The fair value of financial assets and financial liabilities approximate their carrying values due to their short-term nature. The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared to the most recent annual financial statements.

Going concern basis

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

As disclosed in the financial statements, the consolidated entity has net operating cash outflows for the half year of (\$5,115,646) and as at 31 December 2021 has cash and cash equivalents of \$6,466,041. The consolidated entity also generated a loss after tax of (\$1,822,411).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following conditions:

- the ability of the consolidated entity to raise sufficient capital and when necessary; and
- the successful commercialisation of its intellectual property in a manner that generates sufficient operating cash inflows.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to its recent history of raising capital and the significant progress made on exploiting its intellectual property. The directors will be exploring a variety of fundraising options during remaining financial year 2022.

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

amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

No new or amended standards became applicable for the current reporting period and the group had no change to its accounting policies.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments" states that similar operating segments can be aggregated to form one reportable segment. The Group operates predominantly in one segment, being the sale of its pain assessment solutions. The primary financial statements reflect this segment.

3. Revenue

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Interest income	4,018	8,896
Subscription revenue – recognised over time	336,057	50,502
Government incentives	1,568	67,500
Total revenue	341,643	126,898

4. Other income

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Government grant	648,710	975,000
Research & Development Tax Incentive	1,090,000	979,621
	1,738,710	1,954,621

The Government grant income relates to recognition of grant income received in advance last year from the Australian Government to fund the trial of the PainChek application for Australians with dementia living in residential aged care facilities. Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Research and development tax incentive

The consolidated entity is eligible for the Commonwealth Government research and development tax incentive. To be eligible the company must meet stringent guidelines on what represents both core and supporting activities of research and development.

5. Share Based Payments

During the half year, the following share based payments were issued:

Employee options

12,500,000 options were granted to employees on 1 September 2021. The vesting period is 25% vest after 12 months of the grant date and the balance in quarterly instalments over the next 3 years, subject to continued employment. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Grant date	1 September 2021
Volatility (%)	100%
Risk free interest rate (%)	0.58%
Expected life of option (years)	4.5
Expected dividend yield	Nil
Exercise price per terms and conditions	\$0.05
Underlying security price at grant date	\$0.05
Expiry date	1 March 2026
Value per option	\$0.034

Director Performance Rights

825,583 performance rights vested and shares were issued to directors on 15 July 2021. The fair value of the performance rights at grant date are determined using the share price at date of grant which is then expensed over the vesting period.

6. Loss per share

	Consolidated	
	31 Dec 2021	31 Dec 2020
Basic and diluted loss per share (cents per share)	(0.2)	(0.1)

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Loss for the half-year attributable to the owners of the Company	(1,822,411)	(1,346,150)

	Consolidated	
	31 Dec 2021	31 Dec 2020
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,124,020,662	1,097,420,968

Options on issue are considered to be anti-dilutive while the entity is making losses.

7. Trade and other receivables

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
Other receivables	275,275	315,822
Prepayments	133,051	57,107
Research & Development grant receivable	1,090,000	-
Total trade and other receivables	1,498,326	372,929

8. Issued capital

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
1,132,630,382 fully paid ordinary shares (June 2021: 1,126,804,799)	30,918,986	30,738,987

	Consolidated			
	31 December 2021		30 June 2021	
	No.	\$	No.	\$
Balance at beginning of the reporting period	1,126,804,799	30,738,987	1,035,522,400	21,261,767
Issued pursuant to capital raising	-	-	90,909,091	10,000,000
Capital raising costs	-	-	-	(522,780)
Issued on conversion of options	5,000,000	180,000	-	-
Issued on conversion of performance rights	825,583	-	373,308	-
Balance at end of period	1,132,630,382	30,918,987	1,126,804,799	30,738,987

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

9. Reserves

	Consolidated	
	31 Dec 2021	30 June 2021
	\$	\$
Balance at beginning of the reporting period	12,790,231	12,095,111
Employee options vesting expense	112,232	485,574
Director performance rights vesting expense	75,891	224,146
Foreign currency translation reserve	5,921	(14,600)
Total reserves at end of period	12,984,275	12,790,231

Reconciliation of movement in reserves

	Share based payments reserve	Foreign exchange reserve	Total
	\$	\$	\$
Opening balance	12,818,453	(28,222)	12,790,231
Foreign exchange gain/loss recognised	-	5,921	5,921
Share based payments reserve	188,123	-	188,123
Total reserves at end of period	13,006,576	(22,301)	12,984,275

Option movement during the period:

Options

	Consolidated	
	31 Dec 2021 No.	30 Jun 2021 No.
Balance at beginning of the reporting period	45,741,379	32,241,379
Issue of employee options	12,500,000	13,500,000
Options expired	(3,000,000)	-
Options exercised	(5,000,000)	-
Balance at end of period	50,241,379	45,741,379

Performance Rights

	Consolidated	
	31 Dec 2021 No.	30 Jun 2021 No.
Balance at beginning of the reporting period	3,822,810	1,306,578
Issue of director performance rights	5,544,555	2,889,540
Conversion of director performance rights to ordinary shares	(825,583)	(373,308)
Balance at end of period	8,541,782	3,822,810

10. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report.

11. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

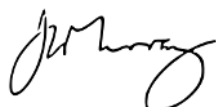
Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2021 and performance of the Consolidated Entity for the period ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



John Murray
Chairman
25 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PainChek Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PainChek Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 25 February 2022