

# Neurotech

## Neurotech International Limited

### Appendix 4D

#### Half Year Report for the Period to 31 December 2016

Name of Entity	Current Period
NEUROTECH INTERNATIONAL LIMITED	PERIOD ENDED 31 DECEMBER 2016
ACN	Prior Corresponding Period*
610 205 402	PERIOD ENDED 31 DECEMBER 2015*

Results for Announcement to the Market	%Movement Compared to the Prior Period*	Current Period A\$	Previous Period A\$*
Revenue from Ordinary Activities	N/A	\$40,229	N/A
Reported net loss from ordinary activities after tax	N/A	\$2,106,617	N/A
Reported net loss attributable to members	N/A	\$2,106,617	N/A

Net Assets	31 December 2016	31 December 2015*
Net Tangible Assets (A\$)	6,029,440	N/A
Number of Securities	88,035,112	N/A
Net Tangible Assets per security (cents)	6.85	N/A

\*Neurotech International Limited was incorporated on 15 January 2016 and has not previously lodged half year accounts

Dividends	Interim Dividend 2017	Interim Dividend 2016
Amount per share	NIL	NIL
Franked amount	NIL	NIL

#### Review Results

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

# Neurotech

ACN 610 205 402



**NEUROTECH INTERNATIONAL LIMITED  
CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016**

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# CORPORATE DIRECTORY

## DIRECTORS

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

## COMPANY SECRETARY

Fleur Hudson

## REGISTERED AND PRINCIPAL OFFICE

Level 14  
191 St Georges Terrace  
PERTH WA 6000  
  
Telephone: (08) 9321 5922  
Facsimile: (08) 9321 5932  
  
Website: [www.neurotechinternational.com](http://www.neurotechinternational.com)  
Email: [info@neurotechinternational.com](mailto:info@neurotechinternational.com)

## AUDITORS

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

## SHARE REGISTRY

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

## HOME EXCHANGE

Australian Securities Exchange Ltd  
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

## DIRECTORS' REPORT

The Directors present their report together with the financial report of Neurotech Limited (Group) for the half year ended 31 December 2016 and the auditor's review report thereon.

### DIRECTORS

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

- Peter O'Connor (Chairman)
- Peter Griffiths (Deputy Chairman and Non-Executive Director)
- Adrian Attard Trevisan (Founder and Chief Scientific Officer)
- Wolfgang Johannes Storf (Chief Executive Officer)
- Simon Trevisan (Non-Executive Director)
- Cheryl Tan (Non-Executive Director) Director since 9th of September 2016.

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

### REVIEW OF OPERATIONS

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

Neurotech International Limited (**Neurotech** or the **Group**) is a medical device and solutions company incorporated in Australia and operating through its wholly-owned, Malta-based subsidiary AAT Research Limited. Neurotech's primary mission is to improve the lives of people with neurological conditions, with a vision of becoming a global leader in home-use and clinical neurotechnology solutions that are both accessible and affordable.

During the half year, Neurotech completed an Initial Public Offering of to raise \$7,000,000 (35,000,000 shares at \$0.20 per share), and was admitted to the Australian Stock Exchange on the 3rd of November 2016.

The Initial Public Offering was carried out primarily to fund the Company's sales and marketing program for its flagship product Mente Autism, and to fund ongoing Research and Development activities for its Mente products for the B2B market, including Mente Pro and Mente Suite.

Neurotech is focusing on the commercialisation of Mente Autism, which was launched in November following the receipt of CE Marking for the product, a status that certifies that it complies with European health, safety and environmental protection legislation.

Neurotech's main sales focus area is the Italian market where Neurotech has a key distribution agreement in place, with the counterparty having a take or pay commitment to purchase 8,700 units over the period to July 2019. The first shipment of Mente Autism units was shipped to Italy in December 2016.

The Group seeks to expand distribution of its products within the broader European market, with Germany, Austria and Switzerland seen as a key target markets. To achieve this, the Group has appointed Chief Commercial Officer Mario Raciti, who is based in Germany.

## DIRECTORS' REPORT (continued)

Neurotech is currently undertaking a clinical trial in the USA. The trial is expected to assist with seeking FDA (Food and Drug Administration) clearance to make additional claims in the United States in relation to the management of autism with Mente Autism. Given the population of the USA, a successful trial will significantly increase the market available to Neurotech. Following this, Neurotech intends to apply for FDA clearance and to this end, recently engaged a USA based FDA consultancy firm, Emergo, to introduce the FDA to Mente Autism.

During the half year, the Group carried out further Research and Development activities on Mente products for the B2B market, including Mente Pro and Mente Suite. Mente Pro is complementary to Mente Autism, with the former being suitable for clinical use and the latter designed for home use. Neurotech is also developing Mente Suite, which will be the software used by medical professionals in treating their patients with Mente Autism and Mente Pro.

### PRINCIPAL ACTIVITIES

Neurotech International Limited is a medical device and solutions company.

### OPERATING RESULTS

The consolidated Entity's net loss after providing for income tax for the period ended 31 December 2016 amounted to \$2,106,617 (31 December 2015: \$611,177). At 31 December 2016, the Group has \$4,575,048 cash and cash equivalents (30 June 2016: \$1,007,536).

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the period, other than the Group listed on the ASX on the 3<sup>rd</sup> of November 2016.

### EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

### AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under S.307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2016.

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



**Wolfgang Johannes Storf**

Chief Executive Officer

28<sup>th</sup> February 2017

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

As lead auditor for the review of Neurotech International Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 28 February 2017

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	CONSOLIDATED	
		31 December 2016 (\$) (6 months)	31 December 2015 (\$) (6 months)
<b>CONTINUING OPERATIONS</b>			
Revenue		40,229	84,513
Cost of sales		(100,609)	37,074
Other income		8,072	2,704
Interest Income		5,562	-
Professional Consultant and Advisory		(343,179)	(18,400)
Professional Legal Fees		(98,719)	(9,694)
Corporate and Administration expenses		(404,552)	(56,326)
Accounting and Audit expenses		(101,906)	(57,361)
Depreciation and amortisation expense		(124,683)	(64,478)
Finance costs		(27,904)	(26,050)
Advertising and Marketing		(68,025)	(12,944)
Employee benefits expense		(371,649)	(303,636)
Share Based Payments Expense	2	(354,949)	-
Equipment and materials direct cost		(22,397)	(30,094)
Other expenses		(141,908)	(156,485)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>(2,106,617)</b>	<b>(611,177)</b>
Income tax expense		-	-
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>(2,106,617)</b>	<b>(611,177)</b>
<b>Other comprehensive income/(loss)</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange Difference on translation of foreign operations		5,674	17,244
<b>Total comprehensive income/(loss) for the period</b>		<b>(2,100,943)</b>	<b>(593,933)</b>
Total comprehensive loss for the period is:			
<b>Attributable to the owner of Neurotech International Ltd</b>		<b>(2,100,943)</b>	<b>(593,933)</b>
<b>Basic loss per share (cents per share)</b>	9	<b>(3.40)</b>	<b>(1.88)</b>

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	CONSOLIDATED	
		31 December 2016 (\$)	30 June 2016 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,575,048	1,007,536
Trade and other receivables		580,776	247,271
Inventories		193,138	186,537
<b>TOTAL CURRENT ASSETS</b>		<b>5,348,962</b>	<b>1,441,344</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		521,262	551,324
Intangible assets	4	1,259,659	931,834
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,780,921</b>	<b>1,483,158</b>
<b>TOTAL ASSETS</b>		<b>7,129,883</b>	<b>2,924,502</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		631,828	507,513
Short-term borrowings	5	196,551	621,709
<b>TOTAL CURRENT LIABILITIES</b>		<b>828,379</b>	<b>1,129,222</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	272,064	323,900
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>272,064</b>	<b>323,900</b>
<b>TOTAL LIABILITIES</b>		<b>1,100,443</b>	<b>1,453,122</b>
<b>NET ASSETS</b>		<b>6,029,440</b>	<b>1,471,380</b>
<b>EQUITY</b>			
Contributed Equity	6	10,354,758	3,977,804
Other Reserves	7	1,138,027	850,304
Accumulated Loss	8	(5,463,345)	(3,356,728)
<b>TOTAL EQUITY</b>		<b>6,029,440</b>	<b>1,471,380</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR HALF-YEAR ENDED 31 DECEMBER 2015

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed Equity (\$)	Accumulated Losses (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>FOR HALF YEAR ENDED 31 DECEMBER 2015</b>				
<b>BALANCE AT 1 JULY 2015</b>	<b>258,690</b>	<b>(564,205)</b>	<b>(169,147)</b>	<b>(474,662)</b>
Loss for the half year	-	(611,177)	-	(611,177)
Foreign exchange movement	-	-	17,244	17,244
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(611,177)</b>	<b>17,244</b>	<b>(593,933)</b>
Transactions with equity holders in their capacity as equity holders				
Contribution of Equity	2,363,273	-	-	2,363,273
<b>BALANCE AT 31 DECEMBER 2015</b>	<b>2,621,963</b>	<b>(1,175,382)</b>	<b>(151,903)</b>	<b>1,294,678</b>

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

## CONSOLIDATED STATEMENT OF CASHFLOW

### FOR HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	CONSOLIDATED	
		31 December 2016 (\$) (6 months)	31 December 2015 (\$) (6 months)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		48,440	56,070
Payments to suppliers and employees		(1,742,014)	(1,007,556)
Finance Costs		(27,969)	(9,956)
Interest received		5,562	-
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>		<b>(1,715,981)</b>	<b>(961,442)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(39,777)	(309,729)
Payments for Intangible assets	4	(416,565)	(435,342)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<b>(456,342)</b>	<b>(745,071)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		7,000,000	2,360,035
Repayment of borrowings		(1,267,427)	(42,264)
Payment of Share Issue Costs		(795,297)	(69,761)
Proceeds from borrowings		787,969	1,304,595
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>5,725,245</b>	<b>3,552,605</b>
Net increase/(decrease) in cash held		<b>3,552,922</b>	<b>1,846,092</b>
Cash and cash equivalents at beginning of financial year		1,007,536	35,543
Effect of exchange rate changes on cash and cash equivalents		14,590	-
<b>Cash and cash equivalents at end of period</b>	<b>3</b>	<b>4,575,048</b>	<b>1,881,635</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

It is recommended that this financial report to be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2016, together with any public announcements made during the half year ended 31 December 2016 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

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

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

These half-year financial statements were approved by the Board of Directors on 28<sup>th</sup> February 2017.

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

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2016.

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

In the half-year ended 31 December 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the company's operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company's business and, therefore, no change is necessary to the Group's accounting policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## 2. SHARE BASED PAYMENTS

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

### Options Issued

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

The Group has the following options on issue at 31 December 2016. These options were issued to Directors (or entities in which a Director has a relevant interest), other Key Management Personnel and Service providers, as set out in the table below, for services rendered to the company.

Holder of relevant interest	Number of Options issued
<b>Recognised in previous period</b>	
Krystle Attard Trevisan <sup>1</sup>	1,864,000
Transcontinental Investments Pty Ltd <sup>2</sup>	1,864,000
Shimano Ventures Ltd <sup>3</sup>	2,060,334
Avonmore Holdings Group Ltd <sup>4</sup>	1,631,000
Angelica Micallef Trigona	130,480
Bruce A. McCracken	349,500
<b>Recognised in current period</b>	
Mag. Wolfgang Storf	466,000
Azure Capital	2,529,076
<b>TOTAL</b>	<b>10,894,390</b>

1. These Securities are currently registered in the name of Mario Attard Trevisan as trustee of the Paloma Trust. However, Krystle Attard Trevisan has a legal right to become registered holder of these Securities, and will become the registered holder of these Securities as trustee of the Paloma Trust. Adrian Attard Trevisan has a relevant interest in these Securities as a beneficiary of the Paloma Trust.
2. Held by Transcontinental Investments Pty Ltd. Simon Trevisan has a relevant interest in these Securities as a director, joint controller and substantial shareholder of Transcontinental Investments Pty Ltd.
3. 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.
4. Held by Avonmore Holdings Group Ltd. Peter O'Connor has a relevant interest in these Securities as a beneficiary of this family trust.

Set out below are summaries of options granted:

Grant Date	Expiry Date	Exercise price	Balance at start of the period (number)	Granted during the period (number)	Exercised during the period (number)	Forfeited during the period (number)	Balance at end of the period (number)	Vested and exercisable at end of the period (number)
09/05/2016	30/11/2020	\$0.20	7,899,314	-	-	-	7,899,314	7,899,314
04/10/2016	30/11/2020	\$0.20	-	2,995,076	-	-	10,894,390	10,428,390
<b>Weight average exercise price</b>				<b>\$0.20</b>			<b>\$0.20</b>	<b>\$0.20</b>

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.92 years (30 June 2016-4.42).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### *Fair value of Options Granted*

Options issued in the half year to 31 December 2016 includes 466,000 options issued to Neurotech's CEO Wolfgang Storf and 2,529,076 options issued to Azure Capital for services provided in relation to the IPO capital raising.

The assessed fair value at grant date of the options issued to Wolfgang Storf was \$0.11 per option (30 June 2016 -n/a). 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 (A\$)	0.16
Exercise price (A\$)	0.20
Expected volatility	100%
Expiry date (years)	4.7 years
Expected dividends	Nil
Risk free rate	2.07%

The options issued to Azure Capital are valued at \$273,500, representing the fair value of services provided.

### *Recognition of vesting of options*

The options provided to Wolfgang were granted under terms of his executive services agreement and will vest 1/3<sup>rd</sup> per year up until the 3<sup>rd</sup> of April 2019. The sole vesting condition relating to these options is Wolfgang's continued employment. The Company expects these options to vest in their entirety, and as a result an amount of \$23,826 has been expensed to date.

The fair value of the options issued to Azure Capital has been recognized 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 are no future vesting conditions, the full value of these options has been recognised in the 6 month period to 31 December 2016.

The following summarises the options issued in the period to 31 December 2016:

	Number of Options	Value of options issued	Value expensed during the period	Value recognised in share issue costs during the period
Options issued under executive agreement	466,000	\$52,318	\$23,826	-
Options issued for capital raising services provided	2,529,076	\$273,500	-	\$273,500
<b>TOTAL</b>	<b>2,995,076</b>	<b>\$325,818</b>	<b>\$23,826</b>	<b>\$273,500</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## Shares Issued

During the half year, the Company issued 466,000 and 1,000,000 shares to the Group's CEO Wolfgang Storf and Chief Scientific Officer Dr Adrian Attard Trevisan respectively. These instruments were issued in accordance with their executive services agreements.

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

In addition to the shares issued during the period, the terms of Wolfgang Storf's executive services agreement provides for the issue of 466,000 shares on 1 October 2017, provided the executive remains employed until that time.

To recognise that these shares are in the process of vesting, an amount of \$37,143 has been recognised as an expense in the half year with a corresponding amount recognised in the Share-based payments reserve.

During the half year, 937,500 shares were issued to Azure Capital for services provided in relation to the IPO capital raising. The shares issued to Azure Capital are valued at \$150,000, representing the fair value of services provided.

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

## Share Rights Issued

In accordance with the executive services agreement between the Group's subsidiary, AAT Research Limited, and Dr Adrian Attard Trevisan, Dr Adrian Attard Trevisan has been granted 3,000,000 share rights, with one share to be issued for every one right.

The share rights were granted on the 13<sup>th</sup> of September 2016, on the commencement date of the agreement, the 1<sup>st</sup> of October 2016, 3,000,000 Share rights were issued. Under the terms of the agreement, up to 1,000,000 shares will be issued (1 share per share right) on each anniversary of the commencement date, therefore there are three tranches.

The vesting of the share rights is subject to a service condition, being that Dr Trevisan must remain employed with the Group for the share rights to vest. On termination of employment, any unvested share rights will automatically lapse and be forfeited.

In addition to this service condition, for each tranche, the vesting of 500,000 performance rights is subject to the satisfaction of non-market based performance conditions established by the board relating to Neurotech's performance and the executive's compliance with the Group's policies and code of conduct.

Management have assessed the value of these rights as \$480,000 (16c per right) and taking into consideration the vesting conditions, the value of the rights expected to vest is \$390,000, being 81.25% of the total value. This value is being expensed over the 3 years to the 1<sup>st</sup> of October 2019, in the period to 31 December 2016, an amount of \$59,420 has been recognised as an expense, with a corresponding amount recognised in the share based payments reserve.

Management will re-assess the value of the rights expected to vest at the end of each reporting period based on the expectation of the number of share rights expected to vest, this may result in recognition of further expense or the recognition of a credit to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

The following summarises the share rights issued in the period to 31 December 2016:

Grant Date	Vesting Date	Number granted during the period (number)	Value of Share Rights	Forfeited during the period (number)	Value recognised as expense in current period	Total Value recognised as expense
13/09/2016	01/10/2017	1,000,000	\$160,000	-	\$32,411	\$32,411
13/09/2016	01/10/2018	1,000,000	\$160,000	-	\$16,205	\$16,205
13/09/2016	01/10/2019	1,000,000	\$160,000	-	\$10,804	\$10,804
<b>Total</b>		<b>3,000,000</b>	<b>\$480,000</b>	<b>-</b>	<b>\$59,420</b>	<b>\$59,420</b>

### Summary Expenses arising from Share-Based Payment Transactions

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

	CONSOLIDATED	
	31 December 2016 (\$) (6 months)	31 December 2015 (\$) (6 months)
<b>Share-based payment</b>		
<b>Shares</b>		
Shares issued to Wolfgang Storf and Dr Adrian Trevisan	<b>234,560</b>	-
<b>Options, Shares to be issued in future period and Share Rights</b>		
Options issued to Wolfgang Storf	23,826	-
Shares to be issued to Wolfgang Storf on 1 October 2017.	37,143	-
Shares Rights issued to Dr Adrian Trevisan	59,420	-
	<b>120,389</b>	
	<b>354,949</b>	-

The increase in the share based payments reserve of \$393,889 as shown in note 7, is the sum of \$120,389 in the table above, and the value of share options issued to Azure Capital, \$273,500, as disclosed on page 14.

The amount of \$234,560 above is recognised directly in contributed equity and therefore does not form part of the \$393,889 movement in share based payments reserve.

The amount of \$273,500, being the value of share options issued to Azure Capital has been recognised against contributed equity (being a share issue cost) and therefore does not form part of the \$354,949 shared based payments expense for the half year to 31 December 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### 3. CASH AND CASH EQUIVALENTS

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

	CONSOLIDATED	
	31 December 2016 (\$)	30 June 2016 (\$)
Cash at Bank and on hand	404,609	507,536
Short-term deposit	4,170,439	500,000
	<b>4,575,048</b>	<b>1,007,536</b>

During this half year, the Company issued 35,000,000 shares at \$0.20 per share, raising capital for a total value of \$7,000,000. The movement of the cash could be seen on the Consolidated Statement of Cash Flow on Page 11.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### 4. INTANGIBLE ASSETS

	<i>Website</i>	<i>Mente Development</i>	<i>Trademarks</i>	<i>Patents</i>	<i>Total</i>
<b>At 30 June 2016</b>					
Cost	67,918	983,634	2,614	56,872	1,111,038
Accumulated Amortisation	(16,809)	(148,413)	(737)	(13,245)	(179,204)
Net carrying amount as at 30 June 2016	<b>51,109</b>	<b>835,221</b>	<b>1,877</b>	<b>43,627</b>	<b>931,834</b>
<b>Balance at 1 July 2016, net of amortisation</b>					
Balance at 1 July 2016, net of amortisation	<b>51,109</b>	<b>835,221</b>	<b>1,877</b>	<b>43,627</b>	<b>931,834</b>
Additions	13,686	401,684	-	-	415,370
Movement in foreign currency assets	(1,142)	(18,229)	(43)	(991)	(20,405)
Disposals	-	(3,181)	-	-	(3,181)
Amortisation charged for the period	(8,798)	(53,063)	(254)	(1,845)	(63,960)
<b>Balance at 31 December 2016, net of amortisation</b>	<b>54,855</b>	<b>1,162,432</b>	<b>1,580</b>	<b>40,791</b>	<b>1,259,658</b>
<b>Balance at 31 December 2016</b>					
Cost	80,107	1,359,194	2,555	55,586	1,497,442
Accumulated Amortisation	(25,252)	(196,762)	(975)	(14,795)	(237,784)
Net carrying amount as at 31 December 2016	<b>54,855</b>	<b>1,162,432</b>	<b>1,580</b>	<b>40,791</b>	<b>1,259,658</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## 5. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	31 December 2016 (\$)	30 June 2016 (\$)
<b>Current Borrowings</b>		
Bank overdrafts	83,422	389,654
Bank loans	113,129	232,055
	<b>196,551</b>	<b>621,709</b>
<b>Non-current Borrowings</b>		
Bank loans	272,064	323,900
	<b>272,064</b>	<b>323,900</b>

The Group benefits from the following banking facilities:

A General Banking Facility of Euro 75,000 and Loan Facilities of Euro 200,000 granted by Bank of Valletta P.L.C.;

The Bank of Valletta P.L.C. facilities are secured by:

- a first general hypothec over the assets of the Group;
- a first special hypothec over property held by the Group;
- a pledge over public securities;
- a pledge over an insurance policy covering one of the shareholders' property and the Group's inventories;
- a Letter of Undertaking given by the Group's directors not to sell and/or transfer any of the patents owned by the company and not to pay dividends or repay shareholders' loans without the bank's prior written consent.

As at 31 December 2016, the Group had net borrowings of A\$468,615 (EUR 320,945). These facilities have been used for the purchase of equipment, in the fit out of the main office and laboratory facilities as well as general working capital.

## 6. CONTRIBUTED EQUITY

A reconciliation of the movement in capital and reserves for the Group can be found in the Consolidated Statement of Changes in Equity.

	CONSOLIDATED	
	31 December 2016 (\$) (6 months)	30 June 2016 (\$) (6 months)
Contributed equity as at beginning of period	3,977,804	2,621,963
Shares issued to Chasm Hop/Bonavita/Vella	111,840	-
Shares issued to Wolfgang Storf	74,560	-
Shares issued to Adrian Trevisan	160,000	-
Shares issued to Azure Capital	150,000	-
IPO raising 35,000,000 Ordinary Shares at \$0.20	7,000,000	1,000,000
Less: Cost of share issue	(1,119,446)	(62,448)
Share issued for repayment of the shareholders' loan	-	418,289
	<b>10,354,758</b>	<b>3,977,804</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## (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
04.10.2016	Issued to Chasm Hop/Bonavita/Vella	699,000	0.16	111,840
04.10.2016	Issued to Wolfgang Storf	466,000	0.16	74,560
04.10.2016	Issued to Adrian Trevisan	1,000,000	0.16	160,000
04.10.2016	Issued to Lead Manager	937,500	0.16	150,000
04.10.2016	IPO Raising	35,000,000	0.20	7,000,000
04.10.2016	Cost of Share Issue			(1,119,446)
<b>Closing Balance as at 30/06/2016</b>		<b>88,035,112</b>		<b>10,354,758</b>

### Ordinary Shares

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

## 7. OTHER RESERVES

	Note	CONSOLIDATED	
		31 December 2016 (\$) (6 months)	30 June 2016 (\$) (6 months)
Reserve at the beginning of the period		850,304	(151,903)
Share Based Payments Reserve	2	393,889	875,095
Capital reserve			
Recognition of 699,000 shares @ \$0.16		-	111,840
Issue of 699,000 shares @ \$0.16		(111,840)	-
Foreign exchange movement		5,674	15,272
<b>Reserve at the end of the period</b>		<b>1,138,027</b>	<b>850,304</b>

### Share Based Payment Reserve

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

Refer to note 2 for disclosure on the movement in the share based payment reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## Capital Reserve

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

Shares recognised at 30 June 2016 to be issued in the 6 months to December 2016 to Chasm Hop/Bonavita/Vella (699,000 shares @ 16c) have been issued during the period. Refer to note 6.

## 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.

## 8. ACCUMULATED PROFIT/(LOSSES)

	CONSOLIDATED	
	31 December 2016 (\$) (6 months)	30 June 2016 (\$) (6 months)
Accumulated loss at the beginning of the period	(3,356,728)	(1,175,382)
Net loss attributable to shareholders	(2,106,616)	(2,181,346)
Accumulated loss at the end of the period	<b>(5,463,344)</b>	<b>(3,356,728)</b>

## 9. LOSS PER SHARE

The calculation of basic loss per share as at 31 December 2016 was based on the loss attributable to ordinary shareholders of \$2,106,617 (2015: \$611,177) and a weighted average number of ordinary shares outstanding at the end of the period of 61,943,183 (31 December 2015: 32,517,946).

	CONSOLIDATED	
	31 December 2016 (\$) (6 months)	31 December 2015 (\$) (6 months)
Basic loss per share	(3.40)	(1.88)
<b>a) Reconciliation of earnings to operating loss</b>		
<b>Loss attributable to ordinary shareholders</b>		
Loss after tax	(2,106,617)	(611,177)
Loss used in the calculation of EPS	<b>(2,106,617)</b>	<b>(611,177)</b>
<b>b) Weighted average number of ordinary shares (WANOS) outstanding during the half year</b>		
WANOS used in calculating basic loss per share	61,943,183	32,517,946
	<b>61,943,183</b>	<b>32,517,946</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## 10. CONTINGENT LIABILITIES

During the half year, AAT Research Limited has paid the cash settlements stated on the annual financial statements for the year ended 30 June 2016.

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 31 December 2016.

## 11. COMMITMENTS

### Office Lease Commitment

There is no change to office lease commitment since or after the annual financial statements for the year ended 30 June 2016.

### MCL Components Ltd Commitment

For the calendar year 2017, the Group's subsidiary AAT Medical Ltd has a commitment to procure a minimum of 3,000 Mente Autism units from MCL Components Ltd (MCL). If this quota is not reached AAT Medical Ltd has to pay MCL €10 for each unit falling short of the minimum annual order of 3,000 units.

Under this agreement, for the 2017 calendar year, AAT Medical Ltd's commitment is approximately A\$68,000.

### Administration Services Fees Commitment

Refer to note 12 for disclosure on the Group's Administration Services Agreement with Transcontinental Investments Pty Ltd (TRG).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## 12. RELATED PARTY INFORMATION

### *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 half-year ended 31 December 2016.

	CONSOLIDATED	
	31 December 2016 (\$) (6 months)	31 December 2015 (\$) (6 months)
<b>Other transactions</b>		
Administration Fee to Transcontinental Investments	15,000	-
	<b>15,000</b>	<b>-</b>

### *Notes in relation to the table of related party transactions*

The Group has an Administration Services Agreement with Transcontinental Investments Pty Ltd (TRG). TRG 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 Company, including the engagement of Mr Simon Trevisan as an Executive Director and Mrs Fleur Hudson as Company Secretary.

The Group must pay a monthly fee to TRG plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by TRG on behalf of the Group during the month. From 4<sup>th</sup> November 2016, TRG 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.

Simon Trevisan (an Executive Director of the Company) is a Director and Shareholder of the Transcontinental Investments.

### ***DIRECTOR'S CURRENT ACCOUNT***

AAT Research Limited has paid monthly loan repayment and monthly life insurance repayment of \$551 (equivalent to Euro 362); this is currently shown as current assets under that director's current account.

The balance on the director's current account is \$29,058 (30 June 2016 - \$25,592), is unsecured interest free and has no fixed date of repayment.

There were no other related parties' transactions to individual or Directors of the Group during the period ended 31 December 2016.

## 13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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



## DIRECTORS' DECLARATION

In the opinion of the directors of Neurotech International Ltd:

1. The financial statements and notes set out on pages 7 to 23, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance, for the half year ended on that date; and
  - (b) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting, the Corporation Regulations 2001 and the mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Simon Trevisan**

Non-Executive Director

Dated at Perth, Western Australia, this 28<sup>th</sup> February 2017



**Wolfgang Johannes Storf**

Chief Executive Officer

Dated at Perth, Western Australia, this 28<sup>th</sup> February 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neurotech International Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Neurotech International Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*. As the auditor of Neurotech International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Neurotech International Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

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

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

Handwritten signature in blue ink, consisting of the letters 'BDO' on the top line and 'J Prue' on the bottom line.

**Jarrad Prue**

**Director**

Perth, 28 February 2017