

NEUROSCIENTIFIC BIOPHARMACEUTICALS LTD

ACN 102 832 995

Interim Financial Report - 31 December 2017

Neuroscientific Biopharmaceuticals Ltd
Directors' report
31 December 2017

The directors present their report, together with the financial statements, of Neuroscientific Biopharmaceuticals Ltd at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Neuroscientific Biopharmaceuticals Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Stephen Quantrill
William Harold Clough (resigned 1 February 2018)
Anton Uvarov (appointed 6 September 2017)
Brian Leedman (appointed 29 September 2017)
Matthew Liddelow (appointed 1 February 2018)

Principal activities

During the financial period, the company was engaged in the development of diagnostic and therapeutic treatments for neurodegenerative diseases through patented technology.

Review of operations

The loss for the company during the period amounted to \$324,743 (31 December 2016: \$153,110).

The company's cash and cash equivalents were \$73,042 at 31 December 2017 (30 June 2017: \$125,806), with net assets at 31 December 2017 of \$211,045 (30 June 2017: \$535,788 net assets).

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

On 1st of December 2017, the issuance of convertible notes was approved by the board as part of a placement to raise \$440,000. As at 31 December 2017, \$80,000 of the convertible notes had been issued and recorded in the financial statements. Subsequent to the reporting date, a further \$320,000 had been received as part of this placement. The convertible notes have an expiry of the earlier of 6 months from issue or 30 June 2018. The conversion price is \$0.04 and has a face value of \$1.00. The placement will see an issue of 11,000,000 shares post initial public offering.

On 18 January 2018, 746,269 shares were issued as part of the successful completion of a milestone under the terms of the Licence Agreement with the University of Tasmania (UTAS). Details around this are disclosed in note 6. Shares were issued at a value of \$0.20 per share on a non-cash basis.

On 20 February 2018, 36,000,000 options were issued at a cost of \$0.01 per option, exercisable at \$0.20 on or before the date that is 3 years from the date of issue.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Neuroscientific Biopharmaceuticals Ltd
Directors' report
31 December 2017

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

On behalf of the directors



Matthew Liddelow
Director

29 March 2018
Perth

RSM Australia Partners

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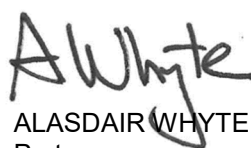
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Neuroscientific Biopharmaceuticals Ltd for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM**RSM AUSTRALIA PARTNERS**
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 March 2018

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Neuroscientific Biopharmaceuticals Ltd

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General information

The financial statements cover Neuroscientific Biopharmaceuticals Ltd at the end of, or during, the financial half-year. The financial statements are presented in Australian dollars, which is Neuroscientific Biopharmaceuticals Ltd 's functional and presentation currency.

Neuroscientific Biopharmaceuticals Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

L1, 45 Stirling Highway
Nedlands WA 6009

Principal place of business

L1, 45 Stirling Highway
Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 March 2018.

Neuroscientific Biopharmaceuticals Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	\$	\$
Revenue		
Interest received	223	-
	<u>223</u>	<u>-</u>
Expenses		
Administration expenses	(38,637)	(27,787)
Consultant and advisor expenses	(218,518)	(122,599)
Depreciation and amortisation	(17,751)	(2,407)
Employee benefits expense	(50,000)	-
Finance costs	(60)	(317)
	<u>(324,743)</u>	<u>(153,110)</u>
Loss before income tax expense	(324,743)	(153,110)
Income tax expense	-	-
	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year	(324,743)	(153,110)
Other comprehensive loss		
Other comprehensive loss for the year, net of tax	-	-
	<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year	<u>(324,743)</u>	<u>(153,110)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Neuroscientific Biopharmaceuticals Ltd
Statement of financial position
As at 31 December 2017

	Note	31 Dec 2017 \$	30 Jun 2017 \$
Assets			
Current assets			
Cash and cash equivalents		73,042	125,806
Other receivables		6,348	38,025
Prepayments		18,467	-
Total current assets		<u>97,857</u>	<u>163,831</u>
Non-current assets			
Intangible assets	2	397,357	415,108
Total non-current assets		<u>397,357</u>	<u>415,108</u>
Total assets		<u>495,214</u>	<u>578,939</u>
Liabilities			
Current liabilities			
Trade and other payables		29,169	43,151
Licence fees payable		150,000	-
Other liabilities		25,000	-
Convertible notes		80,000	-
Total current liabilities		<u>284,169</u>	<u>43,151</u>
Total liabilities		<u>284,169</u>	<u>43,151</u>
Net assets		<u>211,045</u>	<u>535,788</u>
Equity			
Issued capital	3	4,223,762	4,223,762
Reserves	4	3,281	3,281
Accumulated losses	5	(4,015,998)	(3,691,255)
Total equity		<u>211,045</u>	<u>535,788</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Neuroscientific Biopharmaceuticals Ltd
Statement of changes in equity
For the half-year ended 31 December 2017

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	3,551,322	3,281	(3,430,138)	124,465
Loss after income tax expense for the half-year	-	-	(153,271)	(94,214)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(153,271)	(153,271)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	121,440	-	-	121,440
Balance at 31 December 2016	<u>3,672,762</u>	<u>3,281</u>	<u>(3,583,409)</u>	<u>92,634</u>
Balance at 1 July 2017	4,223,762	3,281	(3,691,255)	535,788
Loss after income tax expense for the half-year	-	-	(324,743)	(324,743)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(324,743)	(324,743)
Balance at 31 December 2017	<u>4,223,762</u>	<u>3,281</u>	<u>(4,015,998)</u>	<u>211,045</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Neuroscientific Biopharmaceuticals Ltd
Statement of cash flows
For the half-year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(170,952)	(213,502)
Research and development tax rebate received	38,025	181,797
Interest received	223	
Interest and other finance costs paid	(60)	(317)
Net cash (used in) operating activities	(132,764)	(32,022)
Cash flows from financing activities		
Proceeds from issue of shares	-	121,440
Proceeds from convertible note issue	80,000	-
Net cash provided by financing activities	80,000	121,440
Net (decrease)/increase in cash and cash equivalents	(52,764)	89,418
Cash and cash equivalents at the beginning of the financial half-year	125,806	4,785
Cash and cash equivalents at the end of the financial half-year	73,042	94,203

The above statement of cash flows should be read in conjunction with the accompanying notes

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the consolidated entity during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Intangibles

	31 Dec 2017 \$	30 Jun 2017 \$
<u>Licence agreement</u>		
Opening balance	415,108	60,000
Additions	-	365,000
Less: Accumulated amortisation	(17,751)	(9,892)
Closing balance	<u>397,357</u>	<u>3,281</u>

Note 3. Equity - issued capital

	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 \$	30 Jun 2017 \$
Ordinary shares - fully paid	<u>30,609,323</u>	<u>91,827,970</u>	<u>4,223,762</u>	<u>4,223,762</u>

Movements in ordinary shares

	No of shares	Issue price \$
Opening balance 1 July 2017	91,827,970	4,223,762
Share consolidation at 3:1	<u>30,609,323</u>	<u>-</u>
Closing balance 31 December 2017	<u>30,609,323</u>	<u>4,223,762</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2017

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Reserves

	31 Dec 2017 \$	30 Jun 2017 \$
Option reserve	3,281	3,281
	<u>3,281</u>	<u>3,281</u>

Option reserve

The reserve is used to recognise items recognised as expenses on the valuation of share options.

	31 Dec 2017 \$	30 Jun 2017 \$
Accumulated losses at the beginning of the financial period	(3,691,255)	(3,430,138)
Loss after income tax expense for the period	(324,743)	(261,117)
Accumulated losses at the end of the financial period	<u>(4,015,998)</u>	<u>(3,691,255)</u>

Note 5. Equity – Accumulated losses

Note 6. Contingent liabilities

On 18 May 2016, the company signed an agreement with the University of Tasmania (UTAS) to acquire the licence to hold the right to use intellectual property developed by the university. In accordance with the contract, amounts are payable to UTAS in equity, conditional upon the satisfaction of certain technical milestones. Upon the satisfaction of Milestone 1, \$150,000, Milestone 2, \$200,000 and Milestone 3, \$250,000 of equity securities are required to be issued in the company. Milestone 1 was achieved on 18 December 2017 and was recorded as a liability at balance date. Subsequent to year end, the liability was converted into equity as disclosed in note 7. As a result, 746,269 shares were issued. Milestones 2 and 3 are still outstanding.

Note 7. Events after the reporting period

On 1st of December 2017, the issuance of convertible notes was approved by the board as part of a placement to raise \$440,000. As at 31 December 2017, \$80,000 of the convertible notes had been issued and recorded in the financial statements. Subsequent to the reporting date, a further \$320,000 had been received as part of this placement. The convertible notes have an expiry of the earlier of 6 months from issue or 30 June 2018. The conversion price is \$0.04 and has a face value of \$1.00. The placement will see an issue of 11,000,000 shares post initial public offering.

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On 20 February 2018, 36,000,000 options were issued at a cost of \$0.01 per option, exercisable at \$0.20 on or before the date that is 3 years from the date of issue.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Neuroscientific Biopharmaceuticals Ltd
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Matthew Liddelow
Director

29 March 2018
Perth

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NEUROSCIENTIFIC BIOPHARMACEUTICALS LTD**

We have reviewed the accompanying half-year financial report of Neuroscientific Biopharmaceuticals Ltd, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 company's financial position as at 31 December 2017 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 Neuroscientific Biopharmaceuticals Ltd, 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.

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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 Neuroscientific Biopharmaceuticals Ltd, 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 Neuroscientific Biopharmaceuticals Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

AL Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 March 2018