

NeuroScientific Biopharmaceuticals Limited
Appendix 4D
Half year report

1. Company details

Name of entity:	NeuroScientific Biopharmaceuticals Limited
ABN:	13 102 832 995
Reporting period:	Half-year ended 31 December 2018
Previous period:	Half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	- to	-
Loss from ordinary activities after tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	159% to	841,778
Loss for the year attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	159% to	841,778

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018	Nil	Nil

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	<u>7.21</u>	<u>0.39</u>

4. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

The Interim financial report of NeuroScientific Biopharmaceuticals Limited for the half-year ended 31 December 2018 is attached.

6. Signed

Signed

A handwritten signature in dark ink, appearing to be 'ML', written over a horizontal line.

Date: 25 February 2019

Matthew Liddelow
Managing Director
Perth, WA

NEUROSCIENTIFIC BIOPHARMACEUTICALS LTD

ACN 102 832 995

Interim Financial Report - 31 December 2018

Neuroscientific Biopharmaceuticals Ltd
Directors' report
31 December 2018

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 2018.

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
Anton Uvarov
Brian Leedman
Matthew Liddelow

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 \$841,778(31 December 2017: \$324,743).

The company's cash and cash equivalents were \$5,082,711 at 31 December 2018 (30 June 2018: \$103,895), with net assets at 31 December 2018 of \$5,805,018 (30 June 2018: \$732,517 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 9th of November 2018, the issuance of options offered under a pro-rata non-renounceable entitlement issue was approved by the board as part of a placement to raise \$294,322. As at 31 December 2018, \$211,344 of the options had been issued and recorded in the financial statements. Subsequent to the reporting date, a further \$82,978 of the shortfall will be issued as part of this placement, with the demand for the shortfall being greater than the available options. The options have an exercise price of \$0.20 and an expiry date of 20 February 2021.

No other matter or circumstance has arisen since 31 December 2018 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.

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

25 February 2019
Perth

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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 2018, 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
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AL Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 25 February 2019

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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 a listed 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 25 February 2019.

Neuroscientific Biopharmaceuticals Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Revenue		
Interest received	32,626	223
	<u>32,626</u>	<u>223</u>
Expenses		
Administration expenses	(110,456)	(38,637)
Business development	(79,384)	-
Research and development expenses	(275,529)	-
Patent related costs	(5,197)	-
Consultant and advisor expenses	(64,010)	(218,518)
Depreciation and amortisation	(26,848)	(17,751)
Employee benefits expense	(191,321)	(50,000)
IPO costs	(121,659)	-
Finance costs	-	(60)
	<u>-</u>	<u>(60)</u>
Loss before income tax expense	(841,778)	(324,743)
Income tax expense	-	-
	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year	(841,778)	(324,743)
Other comprehensive loss		
Other comprehensive loss for the year, net of tax	-	-
	<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year	<u>(841,778)</u>	<u>(324,743)</u>
Based and diluted losses per share (cents per share)	(1.22)	(1.06)

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 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
Assets			
Current assets			
Cash and cash equivalents		5,082,711	103,895
Trade and other receivables		236,038	19,872
Prepayments		-	163,013
Total current assets		<u>5,318,749</u>	<u>286,780</u>
Non-current assets			
Property, plant and equipment		17,190	-
Intangibles	2	<u>497,165</u>	<u>522,125</u>
Total non-current assets		<u>514,355</u>	<u>522,125</u>
Total assets		<u>5,833,104</u>	<u>808,905</u>
Liabilities			
Current liabilities			
Trade and other payables		21,948	21,388
Employee benefits		<u>6,138</u>	<u>55,000</u>
Total current liabilities		<u>28,086</u>	<u>76,388</u>
Total liabilities		<u>28,086</u>	<u>76,388</u>
Net assets		<u>5,805,018</u>	<u>732,517</u>
Equity			
Issued capital	3	10,706,697	4,813,762
Reserves	4	562,774	541,430
Accumulated losses	5	<u>(5,464,453)</u>	<u>(4,622,675)</u>
Total equity		<u>5,805,018</u>	<u>732,517</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 2018

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
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>
Balance at 1 July 2018	4,813,762	541,430	(4,622,675)	732,517
Shares issued during the half-year – IPO	6,000,000	-	-	6,000,000
Shares issued during the half - year	55,000	-	-	55,000
Options issued during the half-year – entitlement issue	-	211,344	-	211,344
Conversion of performance rights	190,000	(190,000)	-	-
Loss after income tax expense for the half-year	-	-	(841,778)	(841,778)
Share issue costs	(352,065)	-	-	(352,065)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(841,778)	(841,778)
Balance at 31 December 2018	<u>10,706,697</u>	<u>562,774</u>	<u>(5,464,453)</u>	<u>5,805,018</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 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(731,193)	(170,952)
Research and development tax rebate received	-	38,025
Interest received	32,626	223
Interest and other finance costs paid	-	(60)
Net cash used in operating activities	(698,567)	(132,764)
Cash flows from investing activities		
Purchase of plant and equipment	(19,078)	-
Net cash (used in) / provided by investing activities	(19,078)	80,000
Cash flows from financing activities		
Proceeds from issue of shares	6,000,000	-
Share issue costs	(303,539)	-
Proceeds from convertible note issue	-	80,000
Net cash provided by financing activities	5,696,461	80,000
Net increase / (decrease) in cash and cash equivalents	4,978,816	(52,764)
Cash and cash equivalents at the beginning of the financial half-year	103,895	125,806
Cash and cash equivalents at the end of the financial half-year	5,082,711	73,042

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 2018

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 and any public announcements made by the 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 company 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 company'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 2018 \$	30 Jun 2018 \$
<u>Licence agreement</u>		
Opening balance	522,125	369,994
Additions	-	150,000
Less: Accumulated amortisation	(24,960)	(24,869)
Closing balance	<u>497,165</u>	<u>522,125</u>

Note 3. Equity - issued capital

	31 Dec 2018 Shares	30 Jun 2018 Shares	31 Dec 2018 \$	30 Jun 2018 \$
Ordinary shares - fully paid	<u>73,580,592</u>	<u>42,355,592</u>	<u>10,706,697</u>	<u>4,813,762</u>

Movements in ordinary shares

	No of shares	\$
Opening balance 1 July 2018	42,355,592	4,813,762
Issue of shares, IPO	30,000,000	6,000,000
Issue of shares, share based payment	275,000	55,000
Issue of shares on conversion of class A performance rights	950,000	190,000
Transaction costs relating to share issue	-	(352,065)
Closing balance 31 December 2018	<u>73,580,592</u>	<u>10,706,697</u>

Ordinary shares

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

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2018

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 2018	30 Jun 2018
	\$	\$
Option reserve	250,625	39,281
Share based payment	312,149	502,149
	<u>562,774</u>	<u>541,430</u>

Option reserve

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

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

Option reserve

	No of Options	Value
		\$
Balance at 1 July 2018	36,000,000	39,281
New options issued on 6 July 2018 (vesting in 12 months)		
Exercise price \$0.20, expiry date 7 March 2021	21,134,426	211,344
	<u>57,134,426</u>	<u>250,625</u>

Share based payments

	No of performance rights	Value
		\$
Balance at 1 July 2018	3,750,000	502,149
Conversion of class A performance rights	(950,000)	(190,000)
	<u>2,800,000</u>	<u>312,149</u>

	31 Dec 2018	30 Jun 2018
	\$	\$
Note 5. Equity – Accumulated losses		
Accumulated losses at the beginning of the financial period	(4,622,675)	(4,015,998)
Loss after income tax expense for the period	(841,778)	(606,677)
	<u>(5,464,453)</u>	<u>(4,622,675)</u>

Note 6. Segment Information

The company identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The company is currently operating in one business segment being an administrative entity in the research sector and one geographic segment being Australia.

Note 7. 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 as a result, 746,269 shares were issued. Milestones 2 and 3 are still outstanding.

Note 8. Events after the reporting period

On 29 November 2019, the company closed a pro-rata non-renounceable entitlement offer for existing shareholders to participate at two (2) options for every (5) shares held at the record date of 15 November 2019. Of the 29,432,237 options offered, 21,134,426 options were validly applied for and issued on 6 December 2019. The shortfall amount of 8,297,811 options is available to be placed at the discretion of the Directors before 28 February 2019. At the date of this report, the company has received applications in excess of the shortfall amount.

Options issued under the entitlement offer were issued at a cost of \$0.01 per option, exercisable at \$0.20 on or before 7 March 2021.

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 2018

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 2018 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the 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

25 February 2019
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 2018, 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 2018 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 2018 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

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ALASDAIR WHYTE
Partner

Perth, WA
Dated: 25 February 2019