Neurotech

Neurotech International Limited
Appendix 4D
Half Year Report

1.Company details

Name of entity:	Neurotech International Limited
ACN:	610 205 402
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

				$000
Revenues from ordinary activities	down	80%	to	36
Loss from ordinary activities after tax attributable to the owners of Neurotech International Limited	down	57%	to	(763)
Loss for the period attributable to the owners of Neurotech International Limited	down	54%	to	(776)

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets/(deficiency)	(377,250)	1,065,506
Number of shares on issue	135,743,869	109,620,903
Net tangible assets per ordinary security (cents)	(0.28)	0.97

4. Dividends
There were no dividends paid, recommended or declared during the financial period.

5. Audit review
This report is based on the financial statements which have been audited by BDO Audit (WA).

6. Attachments
The interim financial report for the period ended 31 December 2019 is attached.

Signed

Winton Willesee
Director
25 February 2020

ACN 610 205 402

NEUROTECH INTERNATIONAL LIMITED
CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	Mark Davies (Non-Executive Chairman) Peter Griffiths (Chief Executive Officer / Managing Director) Winton Willesee (Non-Executive Director) David Cantor (Non-Executive Director)
COMPANY SECRETARY	Erlyn Dale
REGISTERED AND PRINCIPAL OFFICE	Suite 5 CPC, 145 Stirling Highway NEDLANDS WA 6009 Telephone: (08) 9389 3130 Website: www.neurotechinternational.com Email: info@neurotechinternational.com
AUDITORS	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
SHARE REGISTRY	Automic Registry Services Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: (08) 9324 2099
HOME EXCHANGE	Australian Securities Exchange Ltd Central Park, Level 40 152-158 St Georges Terrace PERTH WA 6000 **ASX Code: NTI and NTIO**
SOLICITORS	Jackson McDonald Level 17 225 St Georges Terrace PERTH WA 6000
BANKERS	St George Bank Ground Floor, Central Park 152-158 St Georges Terrace PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial report of Neurotech International Limited and its controlled entities (Group) for the half year ended 31 December 2019 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.

- Mark Davies — Non-Executive Chairman
- Peter Griffiths — Chief Executive Officer and Managing Director
- Winton Willesee — Non-Executive Director
- David Cantor — Non-Executive Director

Directors have been in office the entire period.

PRINCIPAL ACTIVITIES

Neurotech International Limited (Neurotech or the Company) researches, designs, markets and through third party manufacturers, produces wearable neurotechnology devices to assist with neurological conditions such as autism. Neurotech's core focus is the design, manufacturing, sale and distribution of its first product, Mente, a portable electroencephalogram (EEG) medical device that uses neurofeedback to help relax the minds of children with autism spectrum disorder (ASD or autism).

REVIEW OF OPERATIONS

During the period, the Company continued to develop the commercialisation of Mente, engaging with partners on territory development and the necessary regulatory approvals.

In December, Neurotech announced it had signed Holy Stone Healthcare (Holy Stone) as its exclusive distributor in Taiwan. The agreement followed two years of the two parties working together on local tests and submissions to the Taiwan Food & Drug Administration (TFDA).

Neurotech also announced a new partnership between Mente and the Australian Neurofeedback Institute (ANFI), aimed to combine the advanced neuroscience skills of ANFI along with Mente's clinically proven therapy for the Australian market.

However, subsequent to the half-year period, the Company received notification from the Australian Government's Therapeutic Goods Administration (TGA) of the cancellation of the device from the Australian Register of Therapeutic Goods under the Therapeutic Goods Act 1989, effective on 24 February 2020. This cancellation will impact the partnership with ANFI. However, the cancellation is not expected to have any material effect on the Company's revenue and current operations as only a very limited number of Mente autism devices have been sold in Australia.

Importantly, the TGA cancellation does not affect the continued sale and marketing of the Mente autism device in the European Union, the primary market for Mente at present. The Company passed a surveillance audit with the EU certified body and Mente retains its CE Medical Marking (CE 0426) certifying the device complies with European health, safety and environment protection requirements for the marketing of the device as a medical product to help children on the autistic spectrum in the European Union. Additionally, the Company continues to work on developing market opportunity in the USA under the FDA registration as a biofeedback device.

In addition, the Company focused on developing awareness and a pipeline for eCommerce-enabled sales using online and social media channels. It enhanced the Mente experience for device users and clinicians by progressing

DIRECTORS' REPORT (continued)

digitisation and automation of the device's go-to-market model. This development was completed within a reduced cost base and simplification of the business model.

Corporate

In October, the Company agreed conditional terms for a $600,000 capital raising via the issue of convertible notes with $300,000 of the convertible notes issued on 8 October 2019.

Neurotech engaged HYPERION Life Sciences Ltd as it aims to expand distribution partners in Europe and consider Merger & Acquisition (M&A) options at the Mente project level. HYPERION Life Sciences Ltd is a M&A and licensing advisory company dedicated to the Life Sciences industries.

OPERATING RESULTS

The Group's net loss after providing for income tax for the period ended 31 December 2019 amounted to $763,327 (31 December 2018: $1,781,268). At 31 December 2019, the Group has $186,247 cash and cash equivalents (30 June 2019: $474,682). Refer Note 1(d) on the preparation of the financial statements on a going concern basis.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the period.

EVENTS OCCURING AFTER THE REPORTING PERIOD

On 28 January 2020 the Group received notification from the Australian Government's Therapeutic Goods Administration (TGA) of the cancellation of the device from entry on the Australian Register of Therapeutic Goods (ARTG or Register) under the Therapeutic Goods Act 1989 (Act) effective on 24 February 2020. The effect of the cancellation of the present registration (ARTG 287606) will be that the Mente autism device cannot be sold or supplied as a Medical Device to help children on the autistic spectrum in Australia.

Cancellation of the Mente autism device's registration under the Act is not anticipated to have any material effect on the Company's revenue and current operations as to date only a very limited number of Mente autism devices have been sold in Australia.

Other than the above, 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 2019.

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

Winton Willesee
Non-Executive Director
25th February 2020

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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 2019, 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

Partner

BDO Audit (WA) Pty Ltd

Perth, 25 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR HALF-YEAR ENDED 31 DECEMBER 2019

		CONSOLIDATED	
	Notes	2019 ($)	2018 ($)
CONTINUING OPERATIONS			
Revenue		36,387	183,852
Other income		3,480	14,617
Cost of inventory		(2,919)	(50,935)
Professional consultant and advisory		(51,388)	(80,286)
Professional legal fees		(8,002)	(67,425)
Corporate and administration expenses		(279,571)	(367,648)
Depreciation and amortisation expense		(40,541)	(307,284)
Finance costs		(2,999)	(1,693)
Borrowing expenses		(52,019)	-
Advertising and marketing		(16,833)	(168,885)
Employee benefits expense		(224,677)	(585,014)
Research expense		-	(63,227)
Share based payments expense	2	(83,474)	(24,779)
Procurement compensation payment		-	(34,330)
Equipment and materials direct cost		(30,355)	(11,391)
Impairment of financial assets		-	(50,635)
Other expenses		(10,416)	(166,205)
LOSS BEFORE INCOME TAX		**(763,327)**	**(1,781,268)**
Income tax expense		-	-
LOSS AFTER INCOME TAX		**(763,327)**	**(1,781,268)**
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange Difference on translation of foreign operations		(12,496)	89,253
Total comprehensive loss for the period		**(775,823)**	**(1,692,015)**
Total comprehensive loss for the period is:			
Attributable to the shareholders of Neurotech International Ltd		**(775,823)**	**(1,692,015)**
Basic loss per share (cents per share)	5	**(0.56)**	**(1.63)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		CONSOLIDATED	
	Notes	31 December 2019 ($)	30 June 2019 ($)
CURRENT ASSETS			
Cash and cash equivalents	3	186,247	474,682
Trade and other receivables		112,960	178,066
TOTAL CURRENT ASSETS		**299,207**	**652,748**
NON-CURRENT ASSETS			
Right of use asset		47,297	-
TOTAL NON-CURRENT ASSETS		**47,297**	**-**
TOTAL ASSETS		**346,504**	**652,748**
CURRENT LIABILITIES			
Trade and other payables		365,172	229,260
Lease liability		52,673	-
Accrued interest		5,909	-
Short-term borrowings		-	126,075
TOTAL CURRENT LIABILITIES		**423,754**	**355,335**
NON-CURRENT LIABILITIES			
Convertible note	4	300,000	-
TOTAL NON-CURRENT LIABILITIES		**300,000**	**355,335**
TOTAL LIABILITIES		**723,754**	**355,335**
(NET ASSET DEFICIENCY)/NET ASSETS		**(377,250)**	**297,413**
EQUITY			
Contributed Equity		15,092,789	15,099,925
Reserves		1,483,085	1,378,507
Accumulated Loss		(16,953,124)	(16,181,019)
TOTAL (DEFICIENCY in EQUITY)/EQUITY		**(377,250)**	**297,413**

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 2019

FOR HALF YEAR ENDED 31 DECEMBER 2019

	Contributed Equity ($)	Capital Reserve ($)	Share-based Payments Reserve ($)	Accumulated Losses ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 1 July 2019	**15,099,925**	**13,286**	**1,277,603**	**(16,181,019)**	**87,618**	**297,413**
(Loss) for the half year	-	-	-	(763,327)	-	(763,327)
Foreign exchange movement	-	-	-	-	(12,496)	(12,496)
Total comprehensive (loss) for the half year	**-**	**-**	**-**	**(763,327)**	**(12,496)**	**(775,823)**
Adoption of AASB16 - Leases – Note 1(b)	-	-	-	(8,778)	-	(8,778)
Transactions with owners in their capacity as owners:						
Share based payments to Directors	-	-	83,474	-	-	83,474
Share based payments to advisors	-	-	33,600	-	-	33,600
Equity issue costs	(7,136)	-	-	-	-	(7,136)
Balance at 31 December 2019	**15,092,789**	**13,286**	**1,394,677**	**(16,953,124)**	**75,122**	**(377,250)**

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 2018

FOR HALF YEAR ENDED 31 DECEMBER 2018

	Contributed Equity ($)	Capital Reserve ($)	Share-based Payments Reserve ($)	Accumulated Losses ($)	Foreign Currency Translation Reserve ($)	Total ($)
Balance at 1 July 2018	**14,309,941**	**74,560**	**1,192,044**	**(11,378,811)**	**33,338**	**4,231,072**
(Loss) for the half year	-	-	-	(1,781,268)	-	(1,781,268)
Foreign exchange movement	-	-	-	-	89,253	89,253
Total comprehensive (loss) for the half year	**-**	**-**	**-**	**(1,781,268)**	**89,253**	**(1,692,015)**
Transactions with owners in their capacity as owners:						
Shares issued to directors	74,560	(74,560)	-	-	-	-
Share based payments to directors	6,714	13,286	4,779	-	-	24,779
Balance at 31 December 2018	**14,391,215**	**13,286**	**1,196,823**	**(13,160,079)**	**122,591**	**2,563,836**

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

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR HALF-YEAR ENDED 31 DECEMBER 2019

		CONSOLIDATED	
	Notes	**2019 ($)**	**2018 ($)**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		101,493	138,789
Payments to suppliers and employees		(535,833)	(1,896,859)
Finance Costs		(2,999)	(1,727)
Interest received		534	4,799
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		**(436,805)**	**(1,754,998)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(24,421)
Payments for Intangible assets		-	(58,079)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**-**	**(82,500)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Convertible Notes		300,000	-
Proceeds from borrowings		-	34,577
Repayment of borrowings		(126,075)	-
Payment of Convertible Note Issue Costs		(25,555)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**148,370**	**34,577**
NET INCREASE/(DECREASE) IN CASH HELD		**(288,435)**	**(1,802,921)**
Cash and cash equivalents at beginning of financial year		474,682	2,212,737
Effect of exchange rate changes on cash and cash equivalents		-	36,296
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3**	**186,247**	**446,112**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 Group for the year ended 30 June 2019, together with any public announcements made during the half year ended 31 December 2019 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 25 February 2020.

(b) Changes in and adoption of new accounting policies

Adoption of AASB16 Leases

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 5% as of 1 July 2019. The reclassification and the adjustments from the new leasing standard were material to the Group with an adjustment recognised to the financial statements.

The financial effect of the adoption of AASB16 is as follows:

	CONSOLIDATED As at 1 July 2019 ($)
Transitional re-classification	
Recognition of right of use asset	405,408
Recognition of accumulated depreciation	(317,570)
Recognition of lease liability	96,616
Adjustment to reduce retained earnings	**(8,778)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED 31 December 2019 ($)
Impact on current period Statement of Financial Performance	
Increase in depreciation expense	40,541
Increase in finance costs	1,770
Reduction in operating (rental) expenses	(45,713)
Net increase in profit	**3,402**

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Convertible Notes

Convertible notes issued by the Group comprise notes that can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The notes includes embedded derivatives (such as call options) relating to the instruments which represent the option to convert to variable number of shares in the parent entity. The Group has elected upon initial recognition of the convertible notes (including it's embedded derivatives) to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition the fair value of the convertible note (including the fair value of facility costs as discussed below) will equate to the proceeds received as no gain or loss on initial recognition can be recognised per the requirements of the accounting standards AASB9. The financial liability will subsequently be measured at fair value at each reporting period or until settlement and fair value movements will be recognised in the profit or loss as finance cost.

The fair value of the financial liability carried at fair value through profit or loss is calculated based on its conversion terms which takes into account the Company's underlying share price and/or any discount feature embedded in its conversion feature.

Transactions cost incurred in entering into convertible notes carried at fair value through profit or loss in recognised in the Statement of profit or loss on inception of the notes.

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 2019.

(c) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the 6-month period ended 31 December 2019 the Group made a loss of $763,327, had cash outflows from operating activities of $436,805 and has a net asset deficiency of $377,250. As at 31 December 2019, the Group had cash and cash equivalents on hand of $186,247.

The ability of the Group to continue as a going concern is dependent on the generation of sufficient revenue through the sale of the Group's Mente autism offering, through other revenue streams, access to capital including the capacity to raise equity and quasi equity capital via the issue of new shares, debt or a combination of both (including the issue of further convertible notes), and the ability to convert some of its existing trade creditor debt to equity by agreement with the debt holders. It is the current intention of the Directors to convert a significant portion of the amounts owed to them and their associated entities to equity.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors believe that the Group will continue as a going concern due to current cash at bank, the realisation of inventory including Mente autism units on hand available for immediate sale, continued revenue growth, together with further drawdown of the company's existing debt facilities as well as the receipt of grant funding from Maltese government and other bodies and an anticipated capital raising in the near future. As a result, the financial information has been prepared on a going concern basis.

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

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

The share-based payments expense in the current period, include an amount of $33,074 representing the continued vesting of the options issued to the Group's CEO Peter Griffiths on 1 December 2018.

6,000,000 options were issued to Directors on 19 November 2019 and were approved by shareholders at the 2019 Annual General Meeting. An expense of $50,400 has been recognised in the current period in relation to these options which were valued using the Black Scholes model with the following inputs:

	Unlisted options
Number of options in series	6,000,000
Grant date share price	$0.014
Exercise price	$0.0189
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Interest rate	1.00%

In addition to the options issued to directors there were 4,000,000 options issued to advisors at a value of $33,600 by the Company during the 6 month period to 31 December 2019 in relation as a fee for managing and arranging the $300,000 Convertible Note issue and were valued using the Black Scholes model with the following inputs:

	Unlisted options
Number of options in series	4,000,000
Grant date share price	$0.014
Exercise price	$0.0189
Expected volatility	100%
Option life	3 years
Dividend yield	0.00%
Interest rate	1.00%

Shares

There were no shares issued by the Company during the 6 month period to 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Summary of expenses arising from Share-Based Payment transactions

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

	CONSOLIDATED	
	31 December 2019 ($) (6 months)	31 December 2018 ($) (6 months)
Share-based payments		
Options – Peter Griffiths	33,074	-
Options – Mark Davies	16,800	-
Options – Winton Willesee	16,800	-
Options – David Cantor	16,800	-
Options – Wolfgang Storf (resigned 26 November 2018)	-	4,779
Shares – David Cantor	-	20,000
Total share-based payments expense	**83,474**	**24,779**

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 2019 ($)	30 June 2019 ($)
Cash at Bank and on hand	186,247	474,682
	186,247	**474,682**

4. NON-CURRENT LIABILITIES

	CONSOLIDATED	
	31 December 2019 ($)	30 June 2019 ($)
Convertible Note	300,000	-
Total Non-Current Liabilities	**300,000**	**-**

On 8 October 2019 the Company issued 300,000 Convertible Notes with an expiry date of 31 December 2021. The key terms of the Convertible Notes are as follows:

Maturity date:	31 December 2021
Face value:	$1.00
Conversion:	Holders may elect to convert at any time prior to the maturity date at a conversion price of the lesser of $0.02 per share or a 10% discount to the 5-day VWAP of trading on ASX up to but not including the day of the issue of the conversion notice.
Attaching options:	For each share issued there will be an attaching option with an exercise price of 130% of

	the conversion price and with an expiry date of 31 January 2023
Interest rate:	8% per annum calculated daily from advanced date

5. LOSS PER SHARE

The calculation of basic loss per share for the period ended 31 December 2019 was based on the loss attributable to ordinary shareholders of $711,308 (31 December 2018: $1,781,268) and a weighted average number of ordinary shares outstanding at the end of the period of 135,743,869 (31 December 2018: 109,620,903).

	CONSOLIDATED	
	31 December 2019 ($) (6 months)	**31 December 2018 ($) (6 months)**
Basic loss per share (cents per share)	(0.56)	(1.63)
a) Reconciliation of earnings to operating loss		
Loss attributable to ordinary shareholders		
Loss after tax	(763,327)	(1,781,268)
Loss used in the calculation of EPS	**(763,327)**	**(1,781,268)**

b) Weighted average number of ordinary shares (WANOS) outstanding during the half year	**31 December 2019**	**31 December 2018**
WANOS used in calculating basic loss per share	135,743,869	109,620,903

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.

6. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any material contingent liabilities outstanding as at 31 December 2019.

7. COMMITMENTS

There have been no material changes to commitments during the period.

8. RELATED PARTY TRANSACTIONS

During the period ended 31 December 2019, options were issued to the directors as per Note 2. There were no other changes to related party transactions during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EVENTS OCCURING AFTER THE REPORTING PERIOD

On 28 January 2020 the Group received notification from the Australian Government's Therapeutic Goods Administration (TGA) of the cancellation of the device from entry on the Australian Register of Therapeutic Goods (ARTG or Register) under the Therapeutic Goods Act 1989 (Act) effective on 24 February 2020. The effect of the cancellation of the present registration (ARTG 287606) will be that the Mente autism device cannot be sold or supplied as a Medical Device to help children on the autistic spectrum in Australia.

Cancellation of the Mente autism device's registration under the Act is not anticipated to have any material effect on the Company's revenue and current operations as to date only a very limited number of Mente autism devices have been sold in Australia.

Other than the above, 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 8 to 16, 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 2019 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.

Winton Willesee
Non-Executive Director
25th February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neurotech International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 then ended, notes comprising a statement of 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 half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 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 Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 (d) 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.

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 Group's financial position as at 31 December 2019 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 25 February 2020