

**EMVision Medical Devices Ltd**  
**Appendix 4E**  
**Final report**

**1. Company details**

Name of entity:	EMVision Medical Devices Ltd
ABN:	38 620 388 230
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

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**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	up	16%	to	1,638,431
Loss from ordinary activities after tax attributable to the owners of EMVision Medical Devices Ltd	up	17%	to	3,475,756
Loss for the year attributable to the owners of EMVision Medical Devices Ltd	up	17%	to	3,475,756

*Dividends*

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2020	0.0	0.0
Interim dividend for the year ended 30 June 2020	0.0	0.0

No dividend has been declared.

*Comments*

The loss for the company for the year amounted to \$3,475,756 (2019: 2,959,362).

During the year the company had grant income of \$756,270 (2019: \$951,970) from a Cooperative Research Centre Program ('CRCP') grant and other income of \$187,500 (2019: \$183,333) being contributions from the CRCP participants of \$137,500 (2019: \$183,333) and a Government COVID-19 PAYG rebate of \$50,000 (2019: Nil). The Company also received a cash refund during the year of \$657,707 (2019: \$279,135) from its R&D Tax Incentive claim for the year ended 30 June 2020. The Australian Commonwealth Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

Operating expenses during the year principally related to research and developments costs associated with the EMVision Technology, employee expenses, general corporate overhead and non-cash share based payments associated with the issue of options.

Operating cash outflows for the year were \$3,255,376 (2019: \$2,215,261) an increase compared to the prior year as research and development activities grew. Financing cash inflows for the period were \$4,281,069 (2019: \$5,580,531) as the company raised \$4,500,000 (before share issue costs) by the issue of 6,081,082 shares at an issue price of \$0.74 per share. Financing cashflows also included the receipt of \$35,000 from the exercise of 100,000 options at \$0.35.

The company had a net asset position at 30 June 2020 of \$5,523,924 (2019: \$4,603,193). The net asset position included a \$480,000 (2019: \$480,000) intangible asset being patents for the EMVision Technology.

As an early stage company, the company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>7.92</u>	<u>7.16</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Details of associates and joint venture entities**

Not applicable.

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**7. Audit qualification or review**

The financial statements have been audited and an unqualified opinion has been issued.

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**8. Attachments**

The Annual Report of EMVision Medical Devices Ltd for the year ended 30 June 2020 is attached.

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**9. Signed**



Signed \_\_\_\_\_

Date: 26 August 2020

John Keep  
Director



**EMVISION**

# Annual Report 2020



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**EMVision Medical Devices Ltd**  
**Corporate directory**  
**30 June 2020**

Directors	John Keep Tony Keane Scott Kirkland Ryan Laws Geoff Pocock Ron Weinberger
Company secretary	Emma Waldon
Registered office	BDO (QLD) Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Principal place of business	72 Victoria Road Rozelle 2039 NSW
Share register	Link Administration Services Pty Limited QV1 Building, Level 12, 250 St Georges Terrace Perth WA6000
Auditor	BDO Audit Pty Ltd 11/1 Margaret St Sydney NSW 2000
Solicitors	HWL Ebsworth Level 20, 240 St Georges Terrace, Alluvion Perth WA 6000
Bankers	National Australia Bank 292 Pitt Street Sydney NSW 2000
Stock exchange listing	EMVision Medical Devices Ltd shares are listed on the Australian Securities Exchange (ASX code: EMV)
Website	<a href="http://www.emvision.com.au">www.emvision.com.au</a>
Corporate Governance Statement	<a href="http://www.emvision.com.au/investor-announcements">www.emvision.com.au/investor-announcements</a>

**EMVision Medical Devices Ltd**  
**Chairman and Managing Director's Letter**  
**30 June 2020**

On behalf of the Board, we are pleased to present the 2020 Annual Report to shareholders.

It is our privilege to write to you after a truly transformational year at EMVision Medical Devices. As you will be aware, we announced highly encouraging preliminary datasets from our pilot trial. The images produced from these datasets show the potential of our technology, in comparison with today's gold standard imaging, to detect and localize strokes and importantly the ability to characterize them as haemorrhagic or ischaemic strokes based on related electromagnetic changes. This represents an important development in point-of-care medical imaging. We aim to build upon this early success as we look to complete our target 30-patient cohort enrolment this quarter and thereafter process the full datasets with full clinical review. Our progress to date has been met with much enthusiasm from our clinical collaborators that has really motivated our respective teams. We have worked well together in meeting our milestones.

Our product development efforts continue to progress strongly. In parallel with our pilot clinical trial, we have been laying the foundation for the development of our 1st generation device for commercialization. This includes the recent appointment of former Nanosonics (ASX:NAN) program manager, Forough Khandan. Forough will lead and drive the execution of EMVision's product program across the commercialisation pathway integrating the key business components to meet international medical device standards. Clinical feedback continues to suggest a strong need for "in-ward" imaging capabilities, by bringing the scanner to the patient bedside. Minimizing the need to transport unwell patients from ICU or stroke wards to radiology therefore reducing risk and optimizing clinical staff time. The potential ability to identify response to treatment and sudden changes in stroke patients by the bedside, potentially improving patient outcomes and reducing the cost and length of hospital stay, remains an attractive value proposition for our first product. In addition, our engagement with the FDA is progressing, led by Ruth Cremin, as we plan out our regulatory strategy and pivotal clinical trial, designed to support first regulatory submissions.

Much of our ongoing successes are a result of our clinical relationships. We are especially grateful for the support of the team at the Princess Alexandra Hospital and the participation of their patients in our study and the input key members have made to certain design elements. The feedback on our preliminary data from leaders across the Australian Stroke Alliance has been particularly encouraging. Co-chairs of the Alliance, Professors Geoff Donnan and Stephen Davis have, with Australia's first stroke ambulance in Victoria, shown that the pre-hospital stroke care model is a game changer that can dramatically reduce treatment times for strokes. We plan, under the Alliance collaboration, to provide the scalable imaging solution to help make early stroke imaging and treatment available to all Australians regardless of their location. The pre-hospital stroke care model is one that in many ways could be compared to the revolution in care that occurred when ambulances began to widely carry defibrillators and ECG to treat patients with cardiac arrest. We look forward to the outcome of our competitive Medical Research Future Fund (MRFF) bid, which if successful, would allow us to accelerate the development of our proposed first responder generation device. Further, we are well supported in our ongoing miniaturization efforts of key components, with collaborator, Keysight Technologies (NYSE:KEYS), on track to deliver the first prototypes of their customized and miniaturized, best in class vector network analyzers (VNA) in Q4 CY 2020.

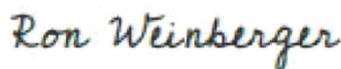
We recently completed a strongly supported Placement, raising \$9,000,000 (before costs), which, coupled with ongoing support from existing non-dilutive funding (CRC-P) fortifies our balance sheet to execute on our product development, clinical validation and commercial strategy.

We continue to be excited by the opportunities ahead of us and our board is committed to working alongside our management team to achieve our milestones and to deliver value for shareholders. We appreciate the ongoing support of all our shareholders, employees, clinical collaborators, technology and industry partners, and look forward to updating you on our future successes.

Yours faithfully



John Keep  
Chairman  
EMVision Medical Devices Limited



Ron Weinberger  
Managing Director & Chief Executive Officer  
EMVision Medical Devices Limited

**EMVision Medical Devices Ltd**  
**Directors' Report**  
**30 June 2020**

The directors present their report, together with the financial statements, of EMVision Medical Devices Ltd (referred to hereafter as the 'company') for the year ended 30 June 2020.

**Directors**

The following persons were directors of EMVision Medical Devices Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Keep  
Tony Keane  
Scott Kirkland  
Ryan Laws  
Geoff Pocock  
Ron Weinberger (appointed 6 May 2020)

**Principal activities**

During the financial year the principal continuing activities of the company consisted of research and development of medical imaging and diagnostic technology previously licensed and subsequently acquired from Uniquet Pty Limited ('Uniquet') (the 'EMVision Technology'), for the purpose of commercialising a portable medical device for stroke diagnosis and monitoring as well as other medical imaging needs.

**Dividends**

There were no dividends paid during the financial year ended 30 June 2020.

**Review of operations**

The loss for the company for the year amounted to \$3,475,756 (2019: 2,959,362).

During the year the company had grant income of \$756,270 (2019: \$951,970) from a Cooperative Research Centre Program ('CRCP') grant and other income of \$187,500 (2018: \$183,333) being contributions from the CRCP participants of \$137,500 (2018: \$183,333) and a Government COVID-19 PAYG rebate of \$50,000 (2019: Nil). The Company also received a cash refund during the year of \$657,707 (2019: \$279,135) from its R&D Tax Incentive claim for the year ended 30 June 2019. The Australian Commonwealth Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

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Operating cash outflows for the year were \$3,255,376 (2019: \$2,215,261) an increase compared to the prior year as research and development activities grew. Financing cash inflows for the period were \$4,281,069 (2019: \$5,580,531) as the company raised \$4,500,000 (before share issue costs) by the issue of 6,081,082 shares at an issue price of \$0.74 per share. Financing cashflows also included the receipt of \$35,000 from the exercise of 100,000 options at \$0.35.

The company had a net asset position at 30 June 2020 of \$5,523,924 (2019: \$4,603,193). The net asset position included a \$480,000 (2019: \$480,000) intangible asset being patents for the EMVision Technology.

As an early stage company, the company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

**Significant changes in the state of affairs**

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

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

**Matters subsequent to the end of the financial year**

On 1 July 2020, the company issued 400,000 Series D unlisted options exercisable at \$1.90 on or before 1 September 2023 to an employee pursuant to its Employee Securities Incentive Plan.

On 2 July 2020, the company issued 115,000 fully paid ordinary shares on the exercise of 115,000 Series C unlisted options exercisable at \$1.11 on or before 13 November 2022, raising \$127,650.

On 30 July 2020, the company issued 6,338,028 fully paid ordinary shares pursuant to a placement to institutional and sophisticated investors at an issue price of \$1.42 per share, raising approximately \$9,000,000 (before costs).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the potential impact on hospital resources and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Refer to 'Review of operations' for information on likely developments in the operations of the company and the expected results of operations.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on directors**

Name:	John Keep
Title:	Executive Chairman
Qualifications:	Bachelor Degree (Economics and Financial Studies Major) from Macquarie University
Experience and expertise:	Mr John Keep has extensive public company board experience as well as senior management experience in the healthcare and hospitality sectors including managing start up enterprises and medical diagnostic companies. Mr Keep led the successful restructuring and revitalization of the radiology company Queensland Diagnostic Imaging, Queensland's leading private radiology and diagnostic imaging group and at Lemarne Healthcare, a company specialising in the detection and treatment of skin cancer. Mr Keep is a director of Queensland Symphony Orchestra Holdings Ltd and a member of that company's Finance Audit and Risk Committee.
	Mr Keep leads oversight of the Company's strategy and manages its CRC-P partnerships.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit & Risk Committee
Interests in shares:	1,707,500
Interests in options:	400,000

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

Name: Tony Keane  
Title: Non-Executive Director  
Qualifications: Bachelor of Science (Mathematics) degree from University of Adelaide, a Graduate Diploma in Corporate Finance from Swinburne and a Graduate of the Australian Institute of Company Directors  
Experience and expertise: Mr Tony Keane is an experienced business and finance executive and holds a number of independent non-executive director and advisory board roles. Mr Keane also undertakes finance advisory and consultancy assignments for various business clients and previously held numerous roles with a major trading bank principally in business, corporate and institutional banking.

Mr Keane is currently an Independent Non-Executive Director of National Storage Holdings Ltd, the holding company established for National Storage REIT, the first independent, internally managed and fully-integrated owner and operator of self-storage centres listed on the ASX and director of Queensland Symphony Orchestra Holdings Ltd, Queensland's largest performing arts company and only professional symphony orchestra.

Other current directorships: National Storage Holdings Ltd (ASX: NSR)  
Former directorships (last 3 years): None  
Special responsibilities: Chair of Audit & Risk Committee and Member of Remuneration & Nomination Committee  
Interests in shares: 100,000  
Interests in options: 500,000

Name: Scott Kirkland  
Title: Executive Director  
Qualifications: Bachelor of Arts Informatics from University of Sydney  
Experience and expertise: Mr Scott Kirkland has held several senior sales positions, including Head of Client Sales at Quantcast, a US-based technology company. Mr Kirkland is a co-founder of the Company and oversees its corporate affairs, commercial strategy and business development efforts. Mr Kirkland is a member of the Australian Institute of Company Directors.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 3,748,400  
Interests in options: 600,000

Name: Ryan Laws  
Title: Non-Executive Director  
Qualifications: None  
Experience and expertise: Mr Ryan Laws has been involved in the establishment, structuring and capital raising for multiple start-up and early stage companies prior to co-founding the Company. Mr Laws has been investing for a number of years and has an extensive reach throughout the investing community including a number of high net worth and sophisticated investors.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: Member of Remuneration & Nomination Committee  
Interests in shares: 3,312,500  
Interests in options: 500,000

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

Name: Geoff Pocock  
Title: Non-Executive Director  
Qualifications: Bachelor of Science (first class honours) from University of Western Australia; Bachelor of Laws (University of Western Australia) and Post Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia.  
Experience and expertise: Mr Geoff Pocock has significant experience as a corporate advisor and strategy consultant advising companies on commercialisation and IP management, business development, mergers and acquisitions strategy and raising equity capital from private and public equity markets.

Mr Pocock is currently the principal of Polaris Consulting (WA) Pty Ltd, is currently Executive Director of Osteopore Limited (ASX:OSX) and was formerly the Managing Director of Hazer Group Ltd (ASX: HZR), an ASX-listed cleantech chemical engineering company, commercialising a novel low cost and low emission graphite and hydrogen production process initially developed by the University of Western Australia.

Mr Pocock previously spent several years as a research scientist in the biopharmaceutical industry in Australia and the United Kingdom.

Other current directorships: Osteopore Limited (ASX:OSX)  
Former directorships (last 3 years): Hazer Group Ltd (ASX: HZR)  
Special responsibilities: Chair of Remuneration & Nomination Committee and Member of Audit & Risk Committee  
Interests in shares: 350,000  
Interests in options: 500,000

Name: Ron Weinberger  
Title: Managing Director and Chief Executive Officer  
Qualifications: PHD (Medical Biochemistry), BSc (Hons) Molecular Pharmacology  
Experience and expertise: Dr Weinberger has more than 20 years' experience in medical research, biotechnology and commercialization. Dr Weinberger joined Nanosonics in August 2004 and was appointed as Executive Director in July 2008 then Managing Director and Chief Executive Officer December 2011 with a period as acting CEO from May 2011. From October 2013 to February 2018, Dr Weinberger was responsible for the direction of Nanosonics' technology development and commercialisation strategy. He is co-inventor of several of Nanosonics' key technology patents.

Other current directorships: Hera Med Ltd (ASX: HMD)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 1,020,000  
Interests in options: 1,000,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

Emma Waldon has held the role of Company Secretary since 7 August 2017. Emma has diverse corporate advisory, capital markets and corporate governance experience having held roles in accounting and debt and equity capital markets in Australia and the United Kingdom. Emma Waldon qualified as a Chartered Accountant with Ernst & Young in Perth, worked as an Equities Analyst with Euroz Securities and spent 9 years in London with Bank of Scotland and Lloyds Bank originating and re-structuring debt finance for private equity leveraged buy-outs of businesses across Europe. Emma is currently Company Secretary of Hazer Group Limited (ASX: HZR) and a number of unlisted companies.

Emma Waldon completed a Bachelor of Commerce at UWA, a Post Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia and is a member of the Institute of Chartered Accountants of Australia and a Certificated Member of the Governance Institute of Australia

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
John Keep	14	14	-	-	3	3
Tony Keane	14	14	3	3	3	3
Scott Kirkland	14	14	-	-	-	-
Geoff Pocock	13	14	3	3	3	3
Ryan Laws	14	14	3	3	-	-
Ron Weinberger	1	1	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive any retirement benefits, other than statutory superannuation.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The Aggregate fixed remuneration for all non-executive directors as determined by the Board is not to exceed \$300,000 per annum. Directors' fees cover all main board and committee activities.

The level of non-executive director fixed fees as at the reporting date are as follows:

Tony Keane	\$25,000 plus applicable GST & statutory superannuation per annum, \$5,000 plus applicable GST & statutory superannuation per annum whilst serving as Chair of the Audit & Risk Committee.
Geoff Pocock	\$25,000 plus applicable GST & statutory superannuation per annum, \$5,000 plus applicable GST & statutory superannuation per annum whilst serving as Chair of the Nomination and Remuneration Committee.
Ryan Laws	\$25,000 plus statutory superannuation per annum.

Non-executive directors may also receive performance related compensation via options following receipt of shareholder approval. The issue of share-based payments as part of non-executive director remuneration ensures that director remuneration is competitive with market standards as well as providing an incentive to pursue longer term success for the company. It also reduces the demand on the cash resources of the company and assists in ensuring the continuity of service of directors who have extensive knowledge of the company, its business activities and assets and the industry in which it operates. Details of share-based compensation are contained in this report.

*Executive remuneration*

The company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the company and provides additional value to the executive.

Performance based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures including increasing shareholder value. Share Based LTIs issued to Directors are subject to shareholder approval. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2019.

*Use of remuneration consultants*

The company has not engaged the services of any remuneration consultants during the financial year.

*Voting and comments made at the company's Annual General Meeting ('AGM')*

The Company received 93.06% "for" votes on its Remuneration Report for the year ended 30 June 2019.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of EMVision Medical Devices Ltd:

- John Keep – Executive Chairman
- Tony Keane - Non-Executive Director
- Scott Kirkland - Executive Director
- Geoff Pocock - Non-Executive Director
- Ryan Laws - Non-Executive Director
- Ron Weinberger - Executive Director (appointed 6 May 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
<b>2020</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Tony Keane	30,000	-	-	2,850	-	-	-	32,850
Geoff Pocock	30,000	-	-	2,850	-	-	-	32,850
Ryan Laws	25,000	-	-	2,375	-	-	-	27,375
<i>Executive Directors:</i>								
John Keep	95,000	-	-	9,025	-	-	-	104,025
Scott Kirkland	205,000	-	-	19,475	-	-	-	224,475
Ron Weinberger	237,443	-	-	22,557	-	-	42,994 <sup>1&amp;2</sup>	302,994
	<u>622,443</u>	<u>-</u>	<u>-</u>	<u>59,132</u>	<u>-</u>	<u>-</u>	<u>42,994</u>	<u>724,569</u>

<sup>1</sup> 1,000,000 options with a total value of \$82,473 were issued to Ron Weinberger in the prior year. The amount recognised in this financial year (\$18,528) is a representation of the vesting period elapsed during the reporting period.

<sup>2</sup> On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval will be sought at the company's annual general meeting in November 2020. The amount recognised in this financial year (\$24,466) is a representation of services received during the period between service commencement date and the reporting period date.

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
<b>2019</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Tony Keane	30,000	-	-	2,850	-	-	41,237	74,087
Geoff Pocock	17,500	25,000 <sup>1</sup>	-	1,663	-	20,000	41,237	105,400
Ryan Laws	29,583	25,000 <sup>1</sup>	-	1,385	-	-	41,237	97,205
<i>Executive Directors:</i>								
Scott Kirkland	149,583	-	-	14,210	-	-	49,484	213,277
John Keep	86,667	-	-	8,233	-	-	32,989	127,889
<i>Other Key Management Personnel:</i>								
Ron Weinberger	237,443	-	-	22,557	-	120,223	63,945	444,168
	<u>550,776</u>	<u>50,000</u>	<u>-</u>	<u>50,898</u>	<u>-</u>	<u>140,223</u>	<u>270,129</u>	<u>1,062,026</u>

<sup>1</sup> Pursuant to their respective letter agreements, Geoff Pocock and Ryan Laws were each paid a once off success fee of \$25,000 upon admission, in respect of work undertaken for the company prior to admission.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Tony Keane	100%	44%	-	-	0%	56%
Geoff Pocock	100%	18%	-	24%	0%	58%
Ryan Laws	100%	32%	-	26%	0%	42%
<i>Executive Directors:</i>						
John Keep	100%	74%	-	-	0%	26%
Scott Kirkland	100%	77%	-	-	0%	23%
Ron Weinberger	86%	59%	-	-	14%	41%

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	John Keep
Title:	Executive Chairman
Agreement commenced:	12 July 2018
Term of agreement:	Open
Details:	Base salary of \$95,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party. 12 month non-solicitation clause after termination.

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

Name: Scott Kirkland  
Title: Executive Director  
Agreement commenced: 12 July 2018  
Term of agreement: Open  
Details: Base salary of \$205,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party. 12 month non-solicitation clause after termination. From 1 September 2020, the Base salary is \$270,00 inclusive of superannuation.

Name: Ron Weinberger  
Title: Executive Director & Chief Executive Officer  
Agreement commenced: 28 May 2018 (appointed as Executive Director 6 May 2020)  
Term of agreement: Open  
Details: Base salary of \$260,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party. 12 month non-solicitation clause after termination. From 1 September 2020, the Base salary is \$320,000 inclusive of superannuation.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

*Issue of options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval will be sought at the company's annual general meeting in November 2020.

*Options*

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

Name	Number of options granted during the year 2020	Number of options granted during the year 2019	Number of options vested during the year 2020	Number of options vested during the year 2019
John Keep	-	400,000	-	400,000
Tony Keane	-	500,000	-	500,000
Scott Kirkland	-	600,000	-	600,000
Geoff Pocock	-	500,000	-	500,000
Ryan Laws	-	500,000	-	500,000
Ron Weinberger	- <sup>1</sup>	1,000,000	500,000	500,000

<sup>1</sup> On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval will be sought at the company's annual general meeting in November 2020 as such the options have not been included in the table above.

Options granted carry no dividend or voting rights.

**EMVision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

**Additional information**

The earnings of the company for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Revenue	1,638,431	1,414,438	492,667	N/A	N/A
EBITDA	(3,475,158)	(2,958,602)	(844,572)	N/A	N/A
EBIT	(3,475,158)	(2,958,602)	(844,572)	N/A	N/A
Loss after income tax	(3,475,756)	(2,959,362)	(845,040)	N/A	N/A

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end (\$)	1.34	0.365	N/A	N/A	N/A
Total dividends declared (cents per share)	-	-	-	N/A	N/A
Basic earnings per share (cents per share)	(5.6)	(6.3)	(4.1)	N/A	N/A

N/A – Not applicable as EMVision Medical Devices Ltd was incorporated on 11 July 2017.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
John Keep	1,707,500	-	-	-	1,707,500
Tony Keane	100,000	-	-	-	100,000
Scott Kirkland	3,748,400	-	-	-	3,748,400
Geoff Pocock	350,000	-	-	-	350,000
Ryan Laws	3,312,500	-	-	-	3,312,500
Ron Weinberger	1,020,000	-	-	-	1,020,000
	<u>10,198,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,198,400</u>

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
John Keep	400,000	-	-	-	400,000
Tony Keane	500,000	-	-	-	500,000
Scott Kirkland	600,000	-	-	-	600,000
Geoff Pocock	500,000	-	-	-	500,000
Ryan Laws	500,000	-	-	-	500,000
Ron Weinberger	1,000,000	- <sup>1</sup>	-	-	1,000,000
	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>

<sup>1</sup> On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval will be sought at the company's annual general meeting in November 2020 as such the options have not been included in the table above.

There were no other transactions with key management personnel and their related parties

***This concludes the remuneration report, which has been audited.***

**Emvision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

**Shares under option**

Unissued ordinary shares of EMVision Medical Devices Ltd under option at the date of this report are as follows:

<b>Option series</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number under option</b>
Series A	17/07/2018	31/12/2021	\$0.35	5,400,000
Performance Shares	25/09/2018	11/12/2023	N/A	6,000,000
Series A	07/12/2018	31/12/2021	\$0.35	2,000,000
Series B	01/07/2019	01/07/2022	\$0.57	400,000
Series D	01/07/2020	01/09/2023	\$1.90	400,000
				14,200,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

The following ordinary shares were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted:

<b>Option series</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of shares issued</b>
Series A	17/07/2018	31/12/2021	\$0.35	100,000
Series C	13/11/2019	13/11/2022	\$1.11	115,000

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**Emvision Medical Devices Ltd**  
**Directors' report**  
**30 June 2020**

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former partners of BDO Audit Pty Ltd**

There are no officers of the company who are former partners BDO Audit Pty Ltd.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**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 immediately after this directors' report.

**Auditor**

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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



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John Keep  
Director

26 August 2020  
Brisbane

**DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF EMVISION MEDICAL DEVICES LTD**

As lead auditor of EMVision Medical Devices Ltd for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Leah Russell  
Director

**BDO Audit Pty Ltd**

Sydney, 26 August 2020

## **EMVision Medical Devices Ltd**

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**30 June 2020**

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### **General information**

The financial statements cover EMVision Medical Devices Ltd. The financial statements are presented in Australian dollars, which is EMVision Medical Devices Ltd functional and presentation currency.

EMVision Medical Devices 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**

BDO Audit Pty Ltd  
Level, 10, 12 Creek Street  
Brisbane QLD 4000

#### **Principal place of business**

72 Victoria Road  
Rozelle 2039 NSW

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 26 August 2020. The directors have the power to amend and reissue the financial statements.

**EMVision Medical Devices Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Income</b>			
Grant income		756,270	951,970
R&D rebate		657,707	279,135
Other income		187,500	183,333
Interest income		36,954	-
<b>Total income</b>		<u>1,638,431</u>	<u>1,414,438</u>
<b>Expenses</b>			
Administration expenses	14	(727,907)	(741,972)
Employee expenses	15	(1,334,819)	(953,841)
Research and development costs		(2,935,446)	(1,960,457)
Finance costs		(597)	(761)
Share based payments		(115,418)	(716,769)
<b>Total expenses</b>		<u>(5,114,187)</u>	<u>(4,373,800)</u>
<b>Loss before income tax expense</b>		<u>(3,475,756)</u>	<u>(2,959,362)</u>
Income tax expense	10	-	-
<b>Loss after income tax expense for the year</b>		<u>(3,475,756)</u>	<u>(2,959,362)</u>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<u>(3,475,756)</u>	<u>(2,959,362)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	24	(5.6)	(6.3)
Diluted earnings per share	24	(5.6)	(6.3)

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

**EMVision Medical Devices Ltd**  
**Statement of financial position**  
**For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	5,409,035	4,383,342
Trade and other receivables	5	-	50,417
Other current assets	6	124,618	149,489
<b>Total current assets</b>		<u>5,533,653</u>	<u>4,583,248</u>
<b>Non-current assets</b>			
Intangibles	7	480,000	480,000
<b>Total non-current assets</b>		<u>480,000</u>	<u>480,000</u>
<b>Total assets</b>		<u>6,013,653</u>	<u>5,063,248</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	398,593	419,749
Employee benefits	9	91,136	40,306
<b>Total current liabilities</b>		<u>489,729</u>	<u>460,055</u>
<b>Total liabilities</b>		<u>489,729</u>	<u>460,055</u>
<b>Net assets</b>		<u>5,523,924</u>	<u>4,603,193</u>
<b>Equity</b>			
Issued capital	11	11,963,508	7,708,635
Reserves	12	840,574	698,960
Accumulated losses	13	(7,280,158)	(3,804,402)
<b>Total equity</b>		<u>5,523,924</u>	<u>4,603,193</u>

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

**EMVision Medical Devices Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	2,124,145	-	(845,040)	1,279,105
Loss after income tax expense for the year	-	-	(2,959,362)	(2,959,362)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,959,362)	(2,959,362)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,284,267	-	-	5,284,267
Share based payments	300,223	698,960	-	999,183
Balance at 30 June 2019	<u>7,708,635</u>	<u>698,960</u>	<u>(3,804,402)</u>	<u>4,603,193</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	7,708,635	698,960	(3,804,402)	4,603,193
Loss after income tax expense for the year	-	-	(3,475,756)	(3,475,756)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,475,756)	(3,475,756)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,254,873			4,254,873
Shares issued pursuant to the exercise of options		(8,247)	-	(8,247)
Share based payments	-	149,861	-	149,861
Balance at 30 June 2020	<u>11,963,508</u>	<u>840,574</u>	<u>(7,280,158)</u>	<u>5,523,924</u>

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

**EMVision Medical Devices Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,651,894	1,414,438
Payments to suppliers and employees (inclusive of GST)		(4,943,626)	(3,628,938)
Interest received		36,954	-
Interest and other finance costs paid		<u>(598)</u>	<u>(761)</u>
<b>Net cash (used in) operating activities</b>	23	<u>(3,255,376)</u>	<u>(2,215,261)</u>
<b>Cash flows from investing activities</b>			
<b>Net cash provided by/ (used in) investing activities</b>		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of share issue costs		4,246,069	5,580,531
Proceeds from the exercise of options		<u>35,000</u>	<u>-</u>
<b>Net cash provided by financing activities</b>		<u>4,281,069</u>	<u>5,580,531</u>
Net increase in cash and cash equivalents		1,025,693	3,365,270
Cash and cash equivalents at the beginning of the financial year		<u>4,383,342</u>	<u>1,018,072</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>5,409,035</u></u>	<u><u>4,383,342</u></u>

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

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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 or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of AASB 16 Leases did not have any significant impact on the financial performance or position of the company as it only had short term leases of 12 months or less.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Grant income*

The company receives grant income from the federal government. The Company recognises the grant income when the conditions attached to the grant are satisfied and there is reasonable assurance the grant will be received.

#### *Interest income*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other income*

Other income is recognised when it is received or when the right to receive payment is established.

#### *R&D Rebate*

Research and development tax incentive income is recognised at a point in time when it is received or when the right to receive payment is established.

**Note 1. Significant accounting policies (continued)**

**Impairment of other tangible and intangible assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

**Note 1. Significant accounting policies (continued)**

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

**Note 1. Significant accounting policies (continued)**

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

**Note 1. Significant accounting policies (continued)**

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Research and development*

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be successful considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Impairment of intangibles*

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions. All intangible assets are accounted for using the cost model whereby costs are amortised on a straight-line basis over their estimated useful lives. The company has yet to ascribe an estimated useful life of the intangibles as the patents are provisional and the technology is subject to research and development before being commercialized and available for use. Residual values and useful lives are reviewed at each reporting date.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Note 3. Operating segments**

The company has considered the requirements of AASB 8 – Operating Segments and has 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 company operates as a single segment being research and development of medical device technology. The board of directors review the earnings before tax and net assets of the company. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

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**Note 4. Current assets - cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	5,409,035	4,383,342
	<u>5,409,035</u>	<u>4,383,342</u>

**Note 5. Current assets - trade and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	-	50,417
	<u>-</u>	<u>50,417</u>

**Note 6. Current assets - other**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Prepayments	43,293	42,333
GST refundable	81,325	107,156
	<u>124,618</u>	<u>149,489</u>

**Note 7. Non-current assets - intangibles**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance	480,000	480,000
Amortisation *	-	-
Closing balance	<u>480,000</u>	<u>480,000</u>

\* The company has yet to ascribe an estimated useful life of the intangibles for amortisation purposes as the patents are provisional and the technology is subject to research and development before being commercialized and available for use.

**Note 8. Current liabilities - trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	319,631	342,313
Other payables	72,005	49,870
GST payable	6,957	27,566
	<u>398,593</u>	<u>419,749</u>

**Note 9. Current liabilities - employee benefits**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>91,136</u>	<u>40,306</u>
	<u>91,136</u>	<u>40,306</u>

**Note 10. Income tax**

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Prima facie benefit on operating loss at 27.5%	955,833	813,825
Tax losses not brought to account	<u>(955,833)</u>	<u>(813,825)</u>
Income tax benefit attributable to operating loss	<u>-</u>	<u>-</u>

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$2,002,044 (2019: \$1,046,211) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and research and development expenditure.

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**Note 11. Equity - issued capital**

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>63,759,832</u>	<u>57,578,750</u>	<u>11,963,508</u>	<u>7,708,635</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2018	31,453,750	-	2,124,145
Issue of shares - key management personnel	17 July 2018	1,000,000	0.12	120,223
Issue of shares - key management personnel	17 July 2018	1,125,000	0.16	180,000
Issue of shares - initial public offering	7 December 2018	24,000,000	0.25	6,000,000
Share issue transaction costs, net of tax		<u>-</u>		<u>(715,733)</u>
Balance	30 June 2019	57,578,750		7,708,635
Issue of shares - placement	13 November 2019	6,081,082	0.74	4,500,001
Issue of shares - exercise of options	16 June 2020	100,000	0.35	35,000
Transfer fair value of options exercised	16 June 2020	-	-	8,247
Share issue transaction costs, net of tax		<u>-</u>	<u>-</u>	<u>(288,375)</u>
Balance	30 June 2020	<u>63,759,832</u>		<u>11,963,508</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 company does not have a limited amount of authorised capital.

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.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

**Note 12. Equity - reserves**

	2020 \$	2019 \$
Options reserve	840,574	698,960
	<u>840,574</u>	<u>698,960</u>

*Options reserve*

The option reserve records items recognised as expenses on the valuation of share options.

*Movements in reserves*

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

	Number	Exercised	Options Reserve Total \$
Balance at 1 July 2018	-	-	-
Grant of share options	7,500,000	-	698,960
Balance at 30 June 2019	7,500,000	-	698,960
Grant of share options <sup>1</sup>	-	-	37,056
Grant of share options <sup>2</sup>	515,000	-	88,339
Grant of share options <sup>3</sup>	-	-	24,466
Transfer fair value of options exercised	-	(100,000)	(8,247)
Balance at 30 June 2020	<u>8,015,000</u>	<u>(100,000)</u>	<u>840,574</u>

<sup>1</sup> Options issued in a prior period vesting over multiple periods. All 5,500,000 options have vested by 30 June 2020.

<sup>2</sup> Options were granted in the current financial year. All 515,000 options have vested by 30 June 2020.

<sup>3</sup> On 6 May 2020, the company granted Ron Weinberger 1,000,000 options over ordinary shares with an exercise price of \$1.25 and an expiry date of 6 May 2023 with their issue subject to any required shareholder approval at the next shareholder meeting. Shareholder approval will be sought at the company's annual general meeting in November 2020. 50% of the options granted vest 12 months from the grant date and 50% vest 24 months from the grant date, if the holder has continued to be engaged under the ESA up to the vesting date. As at the reporting date the options have not been issued.

For the options granted during the current financial year, the fair value was determined by using the Black-Scholes model. The valuation model inputs used to determine the fair value at the grant date, are as follows.

Number Granted	Grant Date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
400,000	1-July-2019	0.57	0.38	70% <sup>1</sup>	0%	0.98%	0.1347
115,000 <sup>2</sup>	13-Nov-2019	1.11	0.80	70% <sup>1</sup>	0%	0.88%	0.2995
1,000,000	6-May-2020 <sup>3</sup>	1.25	0.88	70% <sup>1</sup>	0%	0.25%	0.3165

<sup>1</sup> The company used historic market share price data to calculate the expected volatility. As a result a 70 per cent expected volatility has been used.

<sup>2</sup> Options issued to the lead managers vested immediately and were treated as share issue costs in the Statement of Changes in Equity.

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<sup>3</sup> In accordance with accounting standards, once the grant date is established (shareholder approval will be sought at the company's next annual general meeting), the company will revise the earlier estimate so that the amounts recognised for services received in respect of the grant are ultimately based on the grant date fair value of the equity instrument.

7,915,000 options were exercisable at the end of the financial year.

The weighted average exercise price of options outstanding at the end of the financial year was \$0.37. The weighted average fair value of options granted during the year was \$0.17. The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.54 years.

**Performance Shares**

On 25 September 2018, the Company issued 6,000,000 performance shares to UniQuest. The performance shares convert to ordinary shares upon achievement of certain performance milestones as follows:

- (a) Class A Performance shares: 1,800,000 performance shares will vest upon the completion of the first Successful Clinical Trial for a Licensed Product on patients (excluding healthy volunteers) for head or neck.
- (b) Class B Performance shares: 2,100,000 performance shares will vest upon the issue of the first regulatory approval for any Licensed Product in any of Australia, North America or Europe for the head or neck.
- (c) Class C Performance shares: 2,100,000 performance shares will vest upon the completion of the Successful Pivotal Clinical Trial for a Licensed Product for the torso.

The performance shares have been ascribed a \$nil value. To date, none of the milestones for the performance shares have been met.

**Note 13. Equity – accumulated losses**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(3,804,402)	(845,040)
Loss after income tax expense for the year	<u>(3,475,756)</u>	<u>(2,959,362)</u>
Accumulated losses at the end of the financial year	<u><u>(7,280,158)</u></u>	<u><u>(3,804,402)</u></u>

**Note 14. Expenses - administration expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Compliance costs	69,478	113,941
Accounting fees	79,725	99,475
Legal fees	146,424	154,411
Investor relations and marketing	148,571	131,670
Corporate advisory fees	40,000	35,000
Insurance	50,010	24,714
General admin	<u>193,699</u>	<u>182,761</u>
	<u><u>727,907</u></u>	<u><u>741,972</u></u>

**Note 15. Expenses - employee expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Wages & salaries	1,226,991	879,637
Superannuation	97,248	66,887
Payroll Tax	10,580	7,317
	<u>1,334,819</u>	<u>953,841</u>

**Note 16. Financial risk management objectives and policies**

The company's principal financial instruments comprise cash and short-term deposits.

The company manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecast for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

*Interest rate risk*

At the reporting date, the company has \$5,409,035 (2019: \$4,383,342) in cash and cash equivalents exposed to interest rate risk.

The company's exposure to market interest rates relates primarily to cash and short-term deposits.

At the reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would be affected as follows:

	<b>Net loss higher / (lower)</b>		<b>Equity higher / (lower)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
+1% (100 basis points)	54,090	43,883	54,090	43,883
-1% (100 basis points)	(54,090)	(43,883)	(54,090)	(43,883)

The movements are due to higher / lower interest revenue from cash balances.

*Liquidity risk*

Liquidity risk is managed through the company's objective to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the current cash requirements.

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*Capital management*

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019.

The company monitors capital with reference to the net debt position. The company's current policy is to keep the net debt position negative, such that cash and cash equivalents exceed debt.

**Note 17. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	622,443	600,776
Long-term benefits	59,132	50,898
Share-based payments	42,994	410,352
	<u>724,569</u>	<u>1,062,026</u>

**Note 18. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	41,000	-
<i>Audit services - BDO East Coast Partnership</i>		
Audit or review of the financial statements	17,038	67,889
Income tax advice	-	13,618
	<u>58,038</u>	<u>81,507</u>
<i>Other services - BDO Corporate Finance (East Coast) Pty Limited</i>		
Preparation of the IAR	-	20,000
	<u>-</u>	<u>20,000</u>
<i>Other services - BDO (WA) Pty Ltd</i>		
Assistance with Research & Development Tax Incentive claim	10,382	10,000
Preparation of the income tax return	8,158	5,712
Employee share scheme tax advice	3,000	-
	<u>21,540</u>	<u>15,712</u>
	<u>79,578</u>	<u>117,219</u>

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**Note 19. Contingent assets and liabilities**

The company does not have any contingent liabilities at 30 June 2020.

The company has the following contingent assets at 30 June 2020:

- under the CRCP grant the Company is due to receive \$490,760 in cash contributions from the Australian Commonwealth Government (\$190,760 within one year and \$300,000 later than 1 year but not later than 5 years) subject to the Company meeting research expenditure commitments and making satisfactory progress on the research program milestones. Funds received are required to be applied to the Company's portable brain scanner for early stroke detection and monitoring research program; and
- under the CRCP grant the Company is due to receive \$497,500 in cash contributions from the research program's partner participants, UQ, GE Healthcare Australia Pty Limited and Metro South Hospital and Health Service (\$137,500 within one year and \$360,000 later than 1 year but not later than 5 years).

**Note 20. Commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>CRCP grant cash contribution commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	1,569,174
Later than 1 year but not later than 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,569,174</u>

**Note 21. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

*Transactions with related parties*

There were no transactions with related parties during the year.

*Receivable from and payable to related parties*

There were no receivables from or payables to related parties at the current reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

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**Note 22. Events after the reporting period**

On 1 July 2020, the company issued 400,000 Series D unlisted options exercisable at \$1.90 on or before 1 September 2023 to an employee pursuant to its Employee Securities Incentive Plan.

On 2 July 2020, the company issued 115,000 fully paid ordinary shares on the exercise of 115,000 Series C unlisted options exercisable at \$1.11 on or before 13 November 2022, raising \$127,650.

On 30 July 2020, the company issued 6,338,028 fully paid ordinary shares pursuant to a placement to institutional and sophisticated investors at an issue price of \$1.42 per share, raising approximately \$9,000,000 (before costs).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the potential impact on hospital resources and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 23. Reconciliation of profit after income tax to net cash from operating activities**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(3,475,756)	(2,959,362)
Adjustments for:		
Share based payments	115,418	716,769
Change in operating assets and liabilities:		
- trade and other receivables	50,417	-
- other current assets	24,871	(97,113)
- trade and other payables	(21,156)	84,139
- employee benefits	50,830	40,306
Net cash used in operating activities	<u>(3,255,376)</u>	<u>(2,215,261)</u>

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**Note 24. Earnings per share**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(3,475,756)</u>	<u>(2,959,362)</u>
Loss after income tax attributable to the owners of EMVision Medical Devices Ltd	<u>(3,475,756)</u>	<u>(2,959,362)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>61,404,020</u>	<u>46,959,229</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(5.6)	(6.3)
Diluted earnings per share	(5.6)	(6.3)

**EMVision Medical Devices Ltd**  
**Directors' declaration**  
**30 June 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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John Keep  
Director

26 August 2020  
Brisbane

## INDEPENDENT AUDITOR'S REPORT

To the members of EMVision Medical Devices Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of EMVision Medical Devices Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of EMVision Medical Devices Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Basis of accounting for intangible assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year ended 30 June 2020, the Company has progressed its technology via trials and development of initial prototypes.</p> <p>The accounting policy for the Company's intangible asset includes judgement in determining whether the project is in the research or development phase. This determination has an impact on the treatment of the expenditures related to the project and whether they are included in the profit or loss (research phase) or capitalised to the intangible asset (development phase). There is a risk that amounts are incorrectly recognised and/or inappropriately disclosed in the financial statements and consequently it was considered a key audit matter.</p> <p>Refer to notes 1 and 7 of the financial report for a description of the accounting policy and other disclosures.</p>	<p>To address this matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Evaluating management's assessment of the criteria for entering the development stage, noting that the intangible asset has not yet demonstrated the feasibility of becoming 'available for use' under paragraph 57(a) of AASB 138 <i>Intangible Assets</i> given that feasibility trials are still underway.</li> <li>Reviewed ASX announcements and correspondence with respect to status under the government grant to corroborate management's assertions with respect to the nature of work performed to date.</li> <li>Considered management's conclusion that the asset is not currently available for use with respect to whether feasibility has been obtained and whether the asset should be amortised.</li> </ul>

### Income recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Income recognition involves judgement and estimates including which accounting standards apply and when income is recognised. The financial report at note 1 describes the accounting policy and other disclosures.</p>	<p>To address this matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Considered management's conclusions that the arrangements of the Company with external parties does not meet the definition of a customer under AASB 15 <i>Revenue from Contracts with Customers</i> and should be</li> </ul>

accounted for using the grant income accounting policy.

- Reviewed correspondence with relevant participants and the Commonwealth government regarding grant income recorded to ensure that it is reasonably assured that EMVision will comply with the conditions attached to the grant.
- Reconciled income to underlying agreements and considered interpretations of the agreements by parties involved.
- Vouched income recorded to corresponding cash receipts.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of EMVision Medical Devices Ltd, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO  


Leah Russell  
Director

Sydney, 26 August 2020

**EMVision Medical Devices Ltd**  
**Shareholder Information**

**ASX Additional Information**

The Company's ordinary shares are quoted as 'EMV' on ASX. The shareholder information set out below was applicable as at 24 August 2020

**Distribution of equitable securities (ordinary shares)**

Analysis of number of equitable security holders by size of holding:

	Number of ordinary shares	Number of holders of ordinary shares
100,001 and over	48,663,168	108
10,001 to 100,000	16,723,694	537
5,001 to 10,000	2,627,911	342
1,001 to 5,000	1,959,412	715
1 to 1,000	238,675	396
	<hr/>	
	70,212,860	2,082
	<hr/>	
Holding less than a marketable parcel	-	-

**Equity security holders (ordinary shares)**

Twenty largest quoted equity security holders

The names of the twenty largest security holders of this class of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
UNIQUEST PTY LTD	6,000,000	8.55
MR SCOTT PHILIP KIRKLAND	3,333,400	4.75
RYAN MICHAEL LAWS	3,212,500	4.58
GLENSBURG PTY LTD <TYTO CORPORATION PENSION FUND A/C>	1,100,000	1.57
WALSH PRESTIGE PTY LTD <WALSH FAMILY A/C>	1,040,000	1.48
MR BRYANT JAMES MCLARTY <THE MCLARTY FAMILY A/C>	1,023,688	1.46
RONALD WEINBERGER	1,000,000	1.42
MR MARTIN KOLEV	1,000,000	1.42
DR STUART CROZIER	1,000,000	1.42
KONG PAK LIM	939,500	1.34
HILLRIDGE PTY LTD	900,000	1.28
WAKIL FAMILY GROUP PTY LTD <RON TON FASHIONS P/L RP A/C>	840,437	1.20
MR PAUL RAYMOND BROWN & MRS ANGELIQUE SUSAN BROWN <BROWN FAMILY A/C>	827,277	1.18
BELLCOO INVESTMENTS PTY LTD <THE NORTHLAKE S/F A/C>	770,000	1.10
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	758,288	1.08
MACEQUEST PTY LIMITED <POWER INVESTMENT 2 A/C>	741,298	1.06
JM STARCEVICH INVESTMENTS PTY LTD	696,660	0.99
ROSS D SMITH INVESTMENTS PTY LTD <ROSS D SMITH A/C>	696,084	0.99
FORZA MANAGEMENT PTY LTD <THE FORZA FUTURE A/C>	672,500	0.96
SHAH NOMINEES PTY LTD <LOUIS CARSTEN S/F A/C>	625,000	0.89
JOHN KEEP & SONS PTY LTD	607,500	0.87
MRS CAROL-ANNE KIRKLAND	539,350	0.77
	<hr/>	
	28,433,977	40.50
	<hr/>	

**EMVision Medical Devices Ltd**  
**Shareholder Information**

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Series A options over ordinary shares	7,400,000	15
Series B options over ordinary shares	400,000	4
Series D options over ordinary shares	400,000	1
Performance shares	6,000,000	1

The unlisted options over ordinary shares were issued to key management personnel, employees and contractors of the Company. The performance shares were issued to Uniquet Pty Ltd.

**Restricted securities**

Securities subject to ASX imposed restrictions on trading are set out below:

	<b>Number restricted</b>	<b>Restricted until</b>
Ordinary shares	16,789,351	13 Dec 2020
Series A options over ordinary shares	5,000,000	13 Dec 2020
Series A options over ordinary shares (voluntary restriction)	1,400,000	13 Dec 2020
Performance rights	6,000,000	13 Dec 2020

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Number held<sup>1</sup></b>	<b>Ordinary shares % of total shares issued</b>
Uniquet Pty Ltd	6,000,000	8.55%
Mr Scott Philip Kirkland	3,748,400	5.34%

<sup>1</sup> Number of shares held as per last substantial shareholder notice lodged on the ASX by the shareholder.

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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.

There are no other classes of equity securities.

**On-market Buy-back**

There is no current on-market buy-back of the Company's securities in place.