

# **Neuraldx Limited**

**ABN 87 619 270 709**

**Consolidated Financial Report - 30 June 2021**

**NEURALDX LIMITED  
DIRECTORS' REPORT  
30 JUNE 2021**

The directors present their report, together with the financial statements on the consolidated entity (referred to hereafter as the 'consolidated entity'), consisting of Neuraldx Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

**DIRECTORS**

The following persons were directors of Neuraldx Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Charles Hider	(Appointed 1 December 2017)
Dr Len Walker	(Appointed 12 June 2018)
Associate Prof Harry Minas	(Appointed 1 December 2017)
Louis James Panaccio	(Appointed 10 January 2019)

**PRINCIPAL ACTIVITIES**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Medical research
- Medical device development

**DIVIDENDS**

No dividends were paid during the financial year.

**REVIEW OF OPERATIONS**

The loss for the consolidated entity after providing for income tax amounted to \$297,287 (2020: \$237,199).

Neuraldx Limited began operations on 23 May 2017 after acquiring the EVestG business from Neural Diagnostics Pty Ltd. The company has been established to commercialise the EVestG technology and its activities are focused on undertaking activities related to this objective. Operating losses have been funded from injections of equity, loans from shareholders and directors and government research and development tax incentives.

**SUBSEQUENT CHANGES IN THE STATE OF AFFAIRS**

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

**MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

## ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State Law.

## INFORMATION ON DIRECTORS

Name: **Charles Hider**  
Title: Executive Director  
Qualifications: LLb.  
Experience and expertise: 10 years as a member of the Victorian Parliament. Formerly Chairman of Partners of Rigby Cooke Solicitors, Melbourne. Formerly a Director and Chairman of a number of listed resource companies with extensive international legal, commercial and negotiating experience in respect of technology and resources.

Name: **Dr Len Walker**  
Title: Non-Executive Director  
Qualifications: Doctorate of Philosophy, Cambridge University  
Master of Business Administration, Melbourne University  
Experience and expertise: 34 years initiating and investing in the development of a number of private and publicly listed companies on the ASX, involved in the acquisition of assets, management of staff and raising of capital for project development in a range of countries in Europe, America and Asia.

Name: **Associate Prof Harry Minas**  
Title: Non-Executive Director  
Qualifications: Bachelor of Medical Science, Melbourne University  
Fellow of the Royal Australian and New Zealand College of Psychiatrists  
Distinguished Fellow of the Pacific Rim College of Psychiatrists  
Experience and expertise: Director of the UoM Centre for International Mental Health, Melbourne School of Population and Global Health since 1995. Served as a member of the Executive Mental Health Council of Australia and on numerous state, national and international boards and committees, and has been a member of state and national ministerial advisory groups. Past consultant to the Commonwealth Department of Human Services, the International Organization for Migration, and the World Health Organization (WHO), and co-leads a WHO Collaborating Centre for Mental Health and Substance Abuse.

NEURALDX LIMITED  
DIRECTORS' REPORT (CONT'D)  
30 JUNE 2021

INFORMATION ON DIRECTORS (CONT'D)

Name: **Louis James Panaccio**  
Title: Non-Executive Director  
Qualifications: Chartered Accountant  
Experience and expertise: Avita Medical Limited (Non-Executive Chairman from July 2014)  
Rhythm Biosciences Limited (Non-Executive Director from August 2017)  
Non-Executive Director of Unison Housing Limited  
Non-Executive Chairman of VGI Health Technology Ltd.  
Sonic Healthcare Limited (Non-Executive Director from July 2005)  
Former Chief Executive Officer and Executive Director of Melbourne  
Pathology (acquired by Sonic Healthcare Ltd in 1999) for ten years to  
2001, Chief Executive Officer of Monash IVF until 2009 and the Executive  
Chairman of Health Networks Australia until 2017.

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 2021, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Charles Hider	7	7	1	1
Associate Prof Harry Minas	6	7	-	-
Dr Len Walker	7	7	-	-
Louis James Panaccio	6	7	1	1

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

OPTIONS

No options were issued during the period.

#### **INDEMNITY AND INSURANCE OF OFFICERS**

The company has not, during or since the end of the financial year, insured or agreed to insure the directors and executives of the company against a liability incurred by the directors.

#### **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.

**NEURALDX LIMITED  
DIRECTORS' REPORT (CONT'D)  
30 JUNE 2021**

**PROCEEDINGS ON BEHALF OF THE COMPANY**

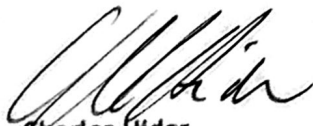
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**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.

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



Charles Hider  
Director

26 January 2022  
Melbourne

## DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF NEURALDX LIMITED

As lead auditor of Neuraldx Limited for the year ended 30 June 2021, 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.

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



**James Mooney**  
**Director**

**BDO Audit Pty Ltd**

Melbourne, 26 January 2022

## **CONTENTS**

Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	19
Independent auditor's report	20

## **GENERAL INFORMATION**

The consolidated financial statements are presented in Australian dollars, which is Neuraldx Limited's functional and presentation currency. The consolidated financial statements cover the year ended 30 June 2021.

Neuraldx Limited is an unlisted public company limited by shares.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 26 January 2022. The directors have the power to amend and reissue the financial statements.



**NEURALDX LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Revenue</b>			
Research and development tax incentive 2021		171,700	-
Research and development tax incentive 2019		-	223,449
Research and development tax incentive 2020		-	204,224
<b>Expenses</b>			
Accounting and audit fees		(21,392)	(25,125)
Directors' fees		(61,000)	(104,000)
Interest on loans		(4,422)	(4,860)
Management fees		(238,448)	(307,180)
Rent		(12,999)	(14,659)
Research and development costs		(120,262)	(175,920)
Share registry		(1,475)	(2,086)
Travel expenses		-	(5,200)
Other expenses		(8,990)	(25,842)
<b>Loss before income tax expense</b>		<b>(297,288)</b>	<b>(237,199)</b>
Income tax expense	3	-	-
<b>Loss after income tax expense for the year</b>		<b>(297,288)</b>	<b>(237,199)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(297,288)</b>	<b>(237,199)</b>

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

NEURALDX LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	29,529	50,865
Other receivables	5	177,656	210,903
<b>Total current assets</b>		<u>207,185</u>	<u>261,768</u>
<b>Non-current assets</b>			
Intangibles	6	1,055,379	983,249
<b>Total non-current assets</b>		<u>1,055,379</u>	<u>983,249</u>
<b>Total assets</b>		<u>1,262,564</u>	<u>1,245,017</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	407,248	341,064
Borrowings	8	499,428	512,730
<b>Total current liabilities</b>		<u>906,676</u>	<u>853,794</u>
<b>Net assets</b>		<u>355,888</u>	<u>391,223</u>
<b>Equity</b>			
Share capital	9	1,641,564	1,379,611
Accumulated losses		(1,285,676)	(988,388)
<b>Total equity</b>		<u>355,888</u>	<u>391,223</u>

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

NEURALDX LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2021

	Note	Issued Capital \$	Retained Profits \$	Total Equity \$
Balance at 1 July 2019		864,430	(751,189)	113,241
Loss after income tax expense for the period		-	(237,199)	(237,199)
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the period		-	(237,199)	(237,199)
<i>Transactions with owners as their capacity as Owners:</i>				
Issue of shares	9	515,181	-	515,181
Balance at 30 June 2020		1,379,611	(988,388)	391,223
	Note	Issued Capital \$	Retained Profits \$	Total Equity \$
Balance at 1 July 2020		1,379,611	(988,388)	391,223
Loss after income tax expense for the period		-	(297,288)	(297,288)
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the period		-	(297,288)	(297,288)
<i>Transactions with owners as their capacity as Owners:</i>				
Issue of shares	9	261,953	-	261,953
Balance at 30 June 2021		1,641,564	(1,285,676)	355,888

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

**NEURALDX LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		204,224	223,449
Payments to suppliers and employees (inclusive of GST)		(402,003)	(366,626)
Interest paid		(3,078)	(4,860)
Net cash (used in)/provided by operating activities		<u>(200,857)</u>	<u>(148,037)</u>
<b>Cash flows from investing activities</b>			
Payments for intangibles		(72,130)	(135,930)
Net cash used in investing activities		<u>(72,130)</u>	<u>(135,930)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9	261,953	366,338
Transaction costs for share issue		-	(67,557)
Shareholder loan received		-	30,000
Shareholder loan repaid		-	(30,000)
Director loans received		30,000	56,330
Director loans repaid		(11,450)	(30,000)
Vendor loan repaid		<u>(28,852)</u>	<u>-</u>
Net cash provided by financing activities		<u>251,651</u>	<u>325,111</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(21,336)</b>	<b>41,144</b>
Cash and cash equivalents at the beginning of the financial year		<u>50,865</u>	<u>9,721</u>
Cash and cash equivalents at the end of the financial year	4	<u>29,529</u>	<u>50,865</u>

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

**NEURALDX LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the consolidated 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 consolidated entity 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.

During the year the consolidated entity has adopted AASB16 *Leases* and AASB Interpretation 23 *Uncertainty over Income Tax Treatments*. Their introduction did not impact the consolidated financial report.

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

**Basis of preparation**

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

*Historical cost convention*

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

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. The controlled entity, Neural Diagnostics (Canada) Inc., is 100% owned and incorporated in Canada and does not trade. The balance sheet has no assets or liabilities. Therefore, the consolidated and parent entity profit and loss accounts and balance sheets are identical.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Neuraldx Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Neuraldx Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

**NEURALDX LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Comparative figures**

Comparative figures have been adjusted where necessary to provide consistency with current year disclosures.

**Going concern**

The consolidated entity incurred a loss after tax for the year ended 30 June 2021 of \$297,287 (2020: \$237,199) and had net operating and investing cash outflows for the period of \$272,987. As at 30 June 2021, the cash balance is \$29,529 (2020: \$50,865) and the consolidated entity has a net working capital deficit of \$699,491 (2020: \$592,026). The existence of these conditions indicates a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern.

In common with many entities in the medical research sector, the ability of the consolidated entity to continue as a going concern is dependent upon the company achieving its working capital forecasts and raising further capital. The consolidated financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The directors are engaged in discussions with potential collaborative partners and are awaiting the results of several grant submissions.
- The company's activities will be scaled to available funding.
- Based on anticipated research and development tax incentive for 2021 and continuing working capital support from shareholders and directors, budgets have been prepared that demonstrate that the company has sufficient funds to meet its commitments for at least twelve months.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

**Foreign currency translation**

The consolidated financial statements are presented in Australian dollars, which is Neuraldx Limited's functional and presentation currency.

**Foreign currency transactions**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Foreign operations**

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

**NEURALDX LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Research and development tax incentive**

The company has adopted the accrual method of recognising the available tax incentive.

**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 consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity'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 consolidated entity'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.

**NEURALDX LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**Intangible assets**

Intangible assets acquired separately are initially recognised at cost. 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 de-recognition 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 a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity 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, being their finite life of 10 years. Development expenditure is being capitalised until the directors are confident the criteria for capitalisation have been met.

*Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

**Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**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.

**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 consolidated statement of financial position.



NEURALDX LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goods and Services Tax ('GST') and other similar taxes (cont'd)

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.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated 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.

*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 consolidated entity based on known information. This consideration extends to the nature of the research, potential customers, supply chain, staffing and geographic regions in which the consolidated entity operates or may operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

	2021 \$	2020 \$
<b>NOTE 3. INCOME TAX EXPENSE</b>		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate:</i>		
Loss before income tax expense	(297,287)	(237,199)
Tax at the statutory tax rate of 27.5%	(81,754)	(65,230)
Tax losses not brought to account	81,754	65,230
Income tax expense	-	-

The consolidated entity has unbooked tax losses of \$362,362 (2020: \$280,608). The directors do not consider it appropriate to recognise this asset due to the stage of development of the company's business.

NEURALDX LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

2021  
\$

2020  
\$

**NOTE 4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

Cash on hand	29,529	50,865
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**NOTE 5. CURRENT ASSETS - OTHER RECEIVABLES**

Refundable research and development tax incentiveNote:9	171,700	204,224
GST receivable	5,956	6,679
	<u>177,656</u>	<u>210,903</u>

**NOTE 6. NON-CURRENT ASSETS - INTANGIBLES**

Intangible assets	1,055,379	983,249
Less: Accumulated amortisation	-	-
	<u>1,055,379</u>	<u>983,249</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Intellectual Property \$	Patents & Trademarks \$	Total \$
Balance at 1 July 2020	500,000	483,249	983,249
Additions	-	72,130	72,130
Balance at 30 June 2021	<u>500,000</u>	<u>555,379</u>	<u>1,055,379</u>

**NOTE 7. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES**

2021  
\$

2020  
\$

Trade payables	407,248	341,000
GST payables	-	64
	<u>407,248</u>	<u>341,064</u>

**NOTE 8. CURRENT LIABILITIES - BORROWINGS**

Director loans	41,880	26,330
Vendor loan	457,548	486,400
	<u>499,428</u>	<u>512,730</u>

The vendor loan arose on the acquisition of the intellectual property. The loan will be repaid to the vendor when the consolidated entity has successfully raised capital or at such other time as the parties might agree.

NEURALDX LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021 Shares	2020 Shares	2021 \$	2020 \$
<b>NOTE 9. EQUITY - ISSUED CAPITAL</b>				
Ordinary shares - fully paid	44,871,795	44,871,795	1,379,611	1,379,611

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance 1 July 2019		39,044,415		864,430
CSF Raise	8 November 2019	3,663,380	10 cents	366,338
CSF transaction costs				(67,557)
Share based payment - Director Fees	11 November 2019	1,000,000	10 cents	100,000
Share based payment - Director Fees	25 June 2020	1,164,000	10 cents	116,400
Balance 30 June 2020		<u>44,871,795</u>		<u>1,379,611</u>
Opening balance 1 July 2020		44,871,795		1,379,611
Rights Issue	22 April 2021	1,504,528	10 cents	150,453
Share based payments to settle fees owing to directors	29 June 2021	1,115,000	10 cents	111,500
Balance 30 June 2021		<u>47,491,323</u>		<u>1,641,564</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.

	2021 \$	2020 \$
<b>NOTE 10. FINANCIAL INSTRUMENTS</b>		

*Liquidity risk*

Financing arrangements

Vendor loan	457,548	486,400
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Under the terms of the business acquisition agreement the loan will be repaid when the consolidated entity has successfully raised capital or at such other time as the parties might agree.

**NOTE 11. KEY MANAGEMENT PERSONNEL DISCLOSURES**

In 2021 compensation was made to directors of the consolidated entity.

Total compensation	61,000	104,000
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**NEURALDX LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 12. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 30 June 2021.

**NOTE 13. RELATED PARTY TRANSACTIONS**

Payment to director related entity of C Hider for consultancy services

2021  
\$

2020  
\$

154,669

161,080

154,669

161,080

*Key management personnel*

Disclosures relating to key management personnel are set out in note 11.

2021  
\$

2020  
\$

*Loans with related parties*

Loans from director related entity - Neural Diagnostics Pty Ltd

457,548

486,400

Director related entity loan - C Hider

11,880

26,330

Opening balance

26,330

-

Amount received

-

26,330

Repayment

(14,450)

-

Closing balance

11,880

26,330

Interest paid

3,078

-

Director related entity loan - L Panaccio

Amount received

30,000

30,000

Interest paid

-

2,480

Repayment

-

(32,480)

Closing balance

30,000

-

**NOTE 14. EVENTS AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**NEURALDX LIMITED**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2021**

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Charles Hider  
Director

26 January 2022  
Melbourne

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## INDEPENDENT AUDITOR'S REPORT

To the members of Neuraldx Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Neuraldx Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 Neuraldx Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Group 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.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, 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 accordingly 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 on the other information obtained prior to the date of this auditor's report, 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 - Reduced Disclosure Requirements 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 ability of the Group 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 Group 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:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

### **BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'James Mooney', written over a faint BDO logo.

James Mooney  
Director

Melbourne, 26 January 2022