EMvision Medical Devices Ltd

ABN 38 620 388 230

Annual Report – 30 June 2018

The directors present their report, together with the financial statements, of EMvision Medical Devices Ltd (referred to hereafter as the 'Company') at the end of, or during, the financial period ending 30 June 2018. The financial period commenced on the Company's date of incorporation 11 July 2017. This is the Company's first set of financial statements.

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

Scott Kirkland (appointed 11 July 2017)
Ryan Laws (appointed 11 July 2017)
Bryant McLarty (appointed 11 July 2017, resigned 2 March 2018)
Geoff Pocock (appointed 1 March 2018)
John Keep (appointed 2 March 2018)
Tony Keane (appointed 29 June 2018)

Principal activities
During the financial period the principal continuing activities of the Company consisted of research and development of medical imaging and diagnostic technology licensed from Uniquest Pty Limited ('Uniquest') (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
No dividends were declared or paid during the current period.

Review of operations
The loss for the Company for the period amounted to $845,040.

During the period the Company had grant income of $401,000 from a Cooperative Research Centre Program ('CRCP') grant and other income of $91,667 being contributions from participants in the CRCP.

Operating expenses during the period principally related to research and developments costs associated with the EMvision Technology, employee expenses, general corporate overhead and costs associated with a proposed listing of the Company on the Australian Securities Exchange ('ASX').

Operating cash outflows for the period were $679,590. Financing cash inflows for the period were $1,697,663 from the issue of 31,453,750 ordinary shares in the Company at a range of issue prices per share as outlined in Note 8.

The Company had a net asset position at 30 June 2018 of $1,279,106. The net asset position included a $480,000 intangible asset being a license over the patent for the EMvision Technology.

Significant changes in the state of affairs
In September 2017, the Company entered into a License Agreement with Uniquest providing the Company with an exclusive worldwide license to exploit the Licensed IP for use on the head and neck in human and animal subjects. The Licensed IP includes a provisional patent (outlined in Note 5) held by The University of Queensland ('UQ') and any product which applies or is made according to all or any part of the patent.

In December 2017, the Company was awarded a CRCP grant from the Australian Research Council, an Australian federal government agency, to advance the Company's portable brain scanner for early stroke detection and monitoring research program. The Company is the lead participant in the CRCP research program and is supported by the following partner participants, UQ, GE Healthcare Australia Pty Limited and Metro South Hospital and Health Service.

There were no other significant changes in the state of affairs of the Company during the financial period.

Matters subsequent to the end of the financial period
On 6 July 2018, the Company entered into a $160,000 non recourse loan agreement with Dr Ron Weinberger (key management personnel) to purchase 1,000,000 ordinary shares at an issue price of $0.16. No interest is payable on the loan. These ordinary shares were issued on 17 July 2018.

On 17 July 2018, the Company issued 2,125,000 ordinary shares in the Company to Directors, executives and contractors of the Company for no cash consideration.

On 17 July 2018, the Company issued 5,500,000 options over ordinary shares in the Company to Directors, executives and contractors of the Company with an exercise price of $0.35 and an expiry date of 31 December 2021.

On 20 September 2018, the License Agreement with Uniquest was varied to (i) expand the exclusive global right to develop and commercialise the Licensed IP to the whole body of human and animal subjects, and (ii) include an IP Assignment Deed by which UniQuest assigns all rights and title in the Licensed IP to the Company subject to satisfying conditions precedent including receiving valid capital raising subscriptions for not less than 20,000,000 ordinary shares to raise not less than $5,000,000 and receiving a conditional admission letter from ASX. In consideration for the IP Assignment Deed, the Company will pay nominal consideration of $10 to UniQuest. Effective from the date of the IP Assignment Deed, the Licence Agreement will terminate.

On 25 September 2018, the Company issued 6,000,000 performance rights to Uniquest. The performance rights convert to ordinary shares upon achievement of certain performance milestones as follows:
(i) Class A Performance Rights: 1,800,000 performance rights will vest upon the completion of the first Successful Clinical Trial for a Licensed Product on patients (excluding healthy volunteers) for head or neck.
(ii) Class B Performance Rights: 2,100,000 performance rights 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.
(iii) Class C Performance Rights: 2,100,000 performance rights will vest upon the completion of the Successful Pivotal Clinical Trial for a Licensed Product for the torso.

On 11 October 2018, the Company lodged a Prospectus with ASIC for an initial public offer of 24,000,000 ordinary shares at an issue price of $0.25 each to raise $6,000,000 (before costs).

No other matter or circumstance has arisen since 30 June 2018 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
Information on likely developments in the operations of the Company 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 Company.

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:	John has extensive experience in managing start up enterprises, including medical diagnostic companies. John's experience includes the successful restructuring and revitalization of the radiology company Queensland Diagnostic Imaging, the state's leading private radiology and diagnostic imaging group operating 27 imaging practices including 7 major hospital sites. As Chief Executive Officer he oversaw the introduction of the latest equipment and technology and ultimately negotiating and managing the successful trade sale of the group to Mayne Group Limited for $109 million.
Special responsibilities:	Member of Audit & Risk Committee

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:	Tony Keane is an experienced business and finance executive and holds a number of independent Non-Executive Director and Advisory Board roles. He 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. Tony is currently an Independent Non-Executive Director of National Storage Holdings Ltd (ASX: NSR), 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, the Queensland Symphony Orchestra Pty Ltd, Queensland's largest performing arts company and only professional symphony orchestra and Chairman of Oncore Group Holdings Pty Ltd, which has various interests in the business services sector in Australia, NZ and the UK.
Special responsibilities:	Chair of Audit & Risk Committee and Member of Remuneration & Nomination Committee

Name:	Scott Kirkland
Title:	Executive Director
Qualifications:	Bachelor of Arts Informatics from University of Sydney
Experience and expertise:	Scott is a co-founder of EMvision Medical Devices Ltd. Scott has held several senior sales positions, including Head of Client Sales at Quantcast, a US-based technology company, prior to founding Kirkland Capital, targeting emerging technologies. Scott is a member of the Australian Institute of Company Directors.
Special responsibilities:	None

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:	Geoff is an experienced strategy consultant and commercialisation professional, with over 20 years' experience across the commercialisation process. Geoff's experience has covered technical roles, executive management as well as significant corporate finance and strategy roles with a number of technology commercialisation ventures. Geoff is the Principal of Polaris Consulting (WA) Pty Ltd, a specialist boutique commercialisation strategy and corporate advisory business based in Western Australia and a founder and former Managing Director of Hazer Group Ltd (ASX: HZR), an ASX-listed commercialisation company developing novel cleantech engineering technology developed by the University of Western Australia. Prior to founding Hazer, he was also the founder and Managing Director of Dynamic Microbials Limited, an unlisted public drug discovery company working on the identification and development of novel antibiotics for specialist human health application.
Special responsibilities:	Chair of Remuneration & Nomination Committee and Member of Audit & Risk Committee

Name:	Ryan Laws
Title:	Non-Executive Director
Qualifications:	None
Experience and expertise:	Ryan founded and has been involved in various successful start-up companies prior to co-founding EMvision Medical Devices Ltd. Ryan has extensive reach throughout the investing community and experience in raising capital for start-up companies.
Special responsibilities:	Member of Remuneration & Nomination Committee

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), Parkd Ltd (ASX: PKD) 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.

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the period ended 30 June 2018, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
John Keep	5	5
Tony Keane	1	1
Scott Kirkland	5	5
Geoff Pocock	5	5
Ryan Laws	5	5
Bryant McLarty	-	-

Held: represents the number of meetings held during the time the director held office.

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Option series	Grant date	Expiry date	Exercise price	Number under option
Series A	17 July 2018	31 December 2021	$0.35	5,500,000

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.

Indemnity and insurance of officers
The Company has indemnified Directors for costs incurred, in their capacity as a director or executive, for which the may be held personally liable, except where there is a lack of good faith.

During the financial period, 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*.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, 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
There were no amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of BDO East Coast Partnership
There are no officers of the Company who are former partners of BDO East Coast Partnership.

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

Auditor
BDO East Coast Partnership 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

John Keep
Director

30 October 2018
Brisbane

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF EMVISION MEDICAL DEVICES LTD

As lead auditor of EMvision Medical Devices Ltd for the period ended 30 June 2018, 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.

Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 30 October 2018

Contents

General information

The financial statements cover EMvision Medical Devices Ltd (the 'Company'). The financial statements are presented in Australian dollars, which is EMvision Medical Devices Ltd's functional and presentation currency.

EMvision Medical Devices Ltd is an unlisted public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
BDO (QLD) Pty Ltd Level, 10, 12 Creek Street Brisbane QLD 4000	Suite 6, 29 The Avenue Nedlands WA 6009

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2018.

EMvision Medical Devices Ltd
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2018

	Note	2018 $
Revenue		
Grant income		401,000
Other income		91,667
Interest received		15
Expenses		
Administration expenses		(198313)
Employee expenses		(183,065)
Research and development costs		(955,876)
Finance costs		(467)
Loss before income tax expense		(845,040)
Income tax expense		-
Loss after income tax expense for the period		(845,040)
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period		(845,040)
		Cents
Basic and diluted losses per share		(4.100)

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
As at 30 June 2018

	Note	2018 $
Assets		
Current assets		
Cash and cash equivalents	4	1,018,072
Trade receivables		50,417
Prepayments		13,850
GST refundable		52,376
Total current assets		1,134,715
Non current assets		
Intangibles	5	480,000
Total non current assets		480,000
Total assets		1,614,715
Liabilities		
Current liabilities		
Trade and other payables	6	306,324
GST payable		29,285
Total current liabilities		335,609
Total liabilities		335,609
Net assets		1,279,106
Equity		
Issued capital	8	2,124,145
Accumulated losses	9	(845,040)
Total equity		1,279,106

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 period ended 30 June 2018

	Issued capital $	Accumulated losses $	Total equity $
Balance at 11 July 2017	-	-	-
Loss after income tax expense for the period	-	(845,040)	(845,040)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(845,040)	(845,040)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 8)	2,124,145	-	2,124,145
Balance at 30 June 2018	2,124,145	(845,040)	1,279,106

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 period ended 30 June 2018

	Note	2018 $
Cash flows from operating activities		
Grant income received (inclusive of GST)		471,517
Payments to suppliers and employees (inclusive of GST)		(1,150,654)
Interest received		15
Interest and other finance costs paid		(467)
Net cash used in operating activities	16	(679,590)
Cash flows from investing activities		
Net cash used in investing activities		-
Cash flows from financing activities		
Proceeds from issue of shares		1,697,663
Share issue costs		-
Net cash from financing activities		1,697,663
Net increase in cash and cash equivalents		1,018,072
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		1,018,072

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 periods presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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 available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is EMvision Medical Devices Ltd's functional and presentation currency.

Note 1. Significant accounting policies (Cont'd)

Going Concern

For the period ended 30 June 2018 the entity recorded a loss from continuing operations of $845,040 and had net cash outflows from operating activities of $679,590.

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

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. Subsequent to period end the entity expects to raise additional funds via either a placement to new or existing investors or by conducting an entitlement issue with existing shareholders.

The financial statements have been prepared on the basis that the 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 entity intends to complete its IPO in early fiscal 2019 in which it intends to raise $6 million;
- The entity will comply with the requirements of the CRCP grant agreement and continue to receive funding from the Commonwealth government and the project participants;
- The entity also has the ability to reduce its expenditure to conserve cash.

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

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.

Interest

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.

Grant income

The Company receives grant income from the federal government and other non-government participants in the grant program.

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Note 1. Significant accounting policies (Cont'd)

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 (Cont'd)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in 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 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 payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period 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.

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 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
The Company provides benefits in the form of share-based payments, whereby persons render services in exchange for shares or rights over shares ('equity settled transactions'). The Company does not provide cash settled share-based payments.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an 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 period in which the service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (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.

All changes in the liability are recognised in profit or loss. 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.

Note 1. Significant accounting policies (Cont'd)

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.

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

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 amount of GST recoverable from the tax authority is included in other receivables and the amount of GST payable to the tax authority is included in 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.

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 success 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.

Note 1. Significant accounting policies (Cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of Australian Accounting Standards have been issued or amended but are not yet effective. None are considered relevant to the Company.

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.

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 subject to research and development before being available to be commercialised. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

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.

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.

Note 4. Cash and cash equivalents

	2018
	$
Cash at bank	1,018,072

Note 5. Intangibles

	2018 **$**
Intangibles (licence held over provisional patent)	480,000
Amortisation	-
	480,000

In September 2017, the Company entered into a License Agreement with Uniquest providing the Company with an exclusive worldwide license to exploit the Licensed IP for use on the head and neck in human and animal subjects.

The Licensed IP developed (and owned) by UQ and licensed to the Company via UniQuest includes a provisional patent application filed in Australia (Patent No. 2017902192) titled “Improved process and system for solving electromagnetic inverse problems”. In addition to this patent application, the Company has an exclusive license of UQ’s know-how and technical information in relation to the invention the subject of the patent and any product which applies or is made according to all or any part of the patent.

The Company has yet to ascribe an estimated useful life of the intangibles for amortisation purposes as the patents are provisional and the technology subject to research and development before being available to be commercialised.

Note 6. Trade and other payables

	2018 **$**
Trade payables	276,406
Other payables	29,919
	306,324

Note 7. Income Tax

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

	2018 **$**
Prima facie benefit on operating loss at 27.5%	232,386
Tax losses not brought to account	(232,386)
Income tax benefit attributable to operating loss	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $232,386 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.

Note 8. Equity - issued capital

	2018 Shares	2018 $
Ordinary shares	31,453,750	2,124,145

Ordinary share capital

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	10 July 2017	-		-
Issue of shares on incorporation	11 July 2017	200	$1.00	200
Split of shares on a 32,000 to 1 basis	9 August 2017	6,400,000		200
Issue of shares	4 September 2017	1,600,000	$0.0001	160
Issue of shares	15 September 2017	1,025,000	$0.0001	102
Issue of shares	22 September 2017	1,380,000	$0.05	69,000
Issue of shares	26 September 2017	360,000	$0.05	18,000
Issue of shares	17 November 2017	9,250,000	$0.08	740,000
Issue of shares for intangible asset	17 November 2017	6,000,000	$0.08	480,000
Issue of shares	30 April 2018	5,438,750	$0.16	870,200
Share issue transaction costs, net of tax	30 April 2018			(53,517)
Balance	**30 June 2018**	**31,453,750**		**2,124,145**

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 scheme in place.

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 9. Equity – accumulated losses

	2018 $
Accumulated losses at the beginning of the financial period	-
Loss after income tax expense for the period	(845,040)
Accumulated losses at the end of the financial period	(845,040)

Note 10. Key management personnel disclosures

Compensation
The aggregate compensation made to key management personnel of the Company is set out below:

	2018 $
Short-term employee benefits	126,311
Post-employment benefits	10,060
	136,371

Note 11. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the Company, its network firms and unrelated firms:

	2018 $
Audit services	
Audit of the financial statements	13,000
	13,000

Note 12. Contingent assets and liabilities

The Company does not have any contingent liabilities at 30 June 2018.

The Company had the following contingent assets at 30 June 2018:
- under the CRCP grant the Company is due to receive $2,199,000 in cash contributions from the Australian commonwealth government ($952,000 within one year and $1,247,000 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 $818,333 in cash contributions from the research program’s partner participants, UQ, GE Healthcare Australia Pty Limited and Metro South Hospital and Health Service ($183,333 within one year and $635,000 later than 1 year but not later than 5 years).

Note 13. Commitments

	2018 $
CRCP grant cash contribution commitments	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	345,800
Later than 1 year but not later than 5 years	1,569,174
Total	1,914,974

Note 14. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 10.

Transactions with related parties

During the financial period, the following transactions occurred with related parties:

- $52,212 in capital raising fees were paid or payable to Mac Equity Partners (International) Pty Ltd, a company controlled by former Director Bryant McLarty (resigned 2 March 2018), pursuant to a mandate agreement to provide capital raising and corporate advisory services.

All transactions were made on normal commercial terms and conditions and at market rates.

Receivable from and payable to related parties

There were no amounts payable or receivable from related parties as at 30 June 2018.

Note 15. Events after the reporting period

On 6 July 2018, the Company entered into a $160,000 non recourse loan agreement with Dr Ron Weinberger (key management personnel) to purchase 1,000,000 ordinary shares at an issue price of $0.16. No interest is payable on the loan. These ordinary shares were issued on 17 July 2018.

On 17 July 2018, the Company issued 2,125,000 ordinary shares in the Company to Directors, executives and contractors of the Company for no cash consideration.

On 17 July 2018, the Company issued 5,500,000 options over ordinary shares in the Company to Directors, executives and contractors of the Company with an exercise price of $0.35 and an expiry date of 31 December 2021.

On 20 September 2018, the License Agreement with Uniquest was varied to (i) expand the exclusive global right to develop and commercialise the Licensed IP to the whole body of human and animal subjects, and (ii) include an IP Assignment Deed by which UniQuest assigns all rights and title in the Licensed IP to the Company subject to satisfying conditions precedent including receiving valid capital raising subscriptions for not less than 20,000,000 ordinary shares to raise not less than $5,000,000 and receiving a conditional admission letter from ASX. In consideration for the IP Assignment Deed, the Company will pay nominal consideration of $10 to UniQuest. Effective from the date of the IP Assignment Deed, the Licence Agreement will terminate.

On 25 September 2018, the Company issued 6,000,000 performance rights to Uniquest. The performance rights convert to ordinary shares upon achievement of certain performance milestones as follows:
(i) Class A Performance Rights: 1,800,000 performance rights will vest upon the completion of the first Successful Clinical Trial for a Licensed Product on patients (excluding healthy volunteers) for head or neck.
(ii) Class B Performance Rights: 2,100,000 performance rights 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.
(iii) Class C Performance Rights: 2,100,000 performance rights will vest upon the completion of the Successful Pivotal Clinical Trial for a Licensed Product for the torso.

On 11 October 2018, the Company lodged a Prospectus with ASIC for an initial public offer of 24,000,000 ordinary shares at an issue price of $0.25 each to raise $6,000,000 (before costs).

No other matter or circumstance has arisen since 30 June 2018 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 16. Reconciliation of profit after income tax to net cash from operating activities

	2018 **$**
Loss after income tax expense for the period	(845,040)
Change in operating assets and liabilities:	
- trade and other receivables	(116,625)
- trade and other payables	282,074
Net cash used in operating activities	(679,590)

Note 17. Share-based payments

On 17 November 2017, 6,000,000 shares were issued to Uniquest for no cash consideration. Under a License Agreement the Company paid Uniquest an initial fee of $480,000 and Uniquest applied this fee in subscription of 6,000,000 ordinary shares in the Company. This transaction was completed in offset, i.e. without transfers of cash between the Company and Uniquest.

Note 18. Earnings per share

	2018 $
Loss after income tax	(845,040)
Loss after income tax attributable to the owners of EMvision Medical Devices Ltd	(845,040)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	20,627,063
Adjustments for calculation of diluted earnings per share:	
Options over ordinary shares	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	20,627,063

	Cents
Basic loss per share	(4.100)
Diluted loss per share	(4.100)

EMvision Medical Devices Ltd
Directors' declaration
30 June 2018

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 2018 and of its performance for the financial period 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

John Keep
Director

30 October 2018
Brisbane

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Australia

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 June2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 2018 and of its financial performance for the period 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* (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 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Arthur Milner
Partner

Sydney, 30 October 2018