



The Manager  
Company Announcements Office  
ASX Limited

## **QUARTERLY ACTIVITIES & CASH FLOW REPORT QUARTER ENDING 31 DECEMBER 2017**

**Adelaide, Australia 29 January, 2018:** Australian medical technology company, LBT Innovations Limited (ASX:LBT) (**LBT** or the **Company**), today released its Appendix 4C – Quarterly Cash flow report for the quarter ended 31 December 2017 (the **Quarter**). The Appendix 4C is attached. All financial results are in Australian dollars and are unaudited.

### **Highlights for the Quarter**

- **St Vincent's Hospital Melbourne successful evaluation of APAS® Independence**
- **Australian commercial launch underway**
- **Completion of Autobio transaction and \$2m share investment into LBT**
- **\$2.5m grant for WoundVue development in collaboration with University of Melbourne**
- **\$4.3m R&D tax refund and December 2017 cash balance of \$4.23m**

### **Operations**

During the Quarter, the Company continued its progress on engineering efforts to finalise the APAS® Independence instrument development ahead of final validation of the instrument.

In connection with this a key milestone was achieved in November 2018 with St Vincent's Hospital successfully completing its in situ evaluation of APAS® Independence, the first installation globally. The evaluation was performed over a 6-week period during which the APAS® Independence instrument read and interpreted over 3,000 urine samples. The independent evaluation by St Vincent's Hospital confirms the utility of the instrument in a clinical setting. A white paper publication will be written and findings to be presented at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in April 2018.

As the focus has been on preparation for commercial launch of the APAS® Independence, there were a number of related sales and marketing activities undertaken during the Quarter. In Australia, senior management met with a number of Australian pathology providers to build awareness, looking to schedule future evaluations of the instrument during the first half of 2018. The joint venture company, Clever Culture Systems (**CCS**) also prepared further marketing collateral and released three detailed videos on its revamped website with detailed information about the product, the market challenges and results achieved.

The Company has also continued to build awareness with key opinion leaders. As part of this, a senior physician from a distinguished laboratory in Europe visited LBT, St Vincent's Hospital and Planet Innovation during the Quarter to review development of APAS® Independence and was suitably impressed with the instrument, signalling an intent to trial the instrument at their lab in Europe. Planning is underway to accommodate this.

As the Company seeks to broaden its artificial intelligence platform technology into the highly promising area of wound healing with the WoundVue™ product, a collaboration was formed with the University of Melbourne and technology specialists, Planet Innovation. This collaboration secured a three year, \$2.5m funding grant from the Federal government under the Co-operative Research Centre Projects Grant scheme after extensive review of the business case.

### **Financial and Corporate**

During the Quarter, the Company successfully completed the transaction with China-based Autobio Diagnostic Co., Ltd, which has acquired non-core technology assets from LBT and also invested \$2m into LBT as part of a strategic placement,

acquiring shares at 31 cents per share. The Company also received \$4.3m in cash under the Federal Government's R&D tax incentive scheme, in relation to eligible activities completed in the 2017 financial year.

In late November 2017, the Company also held its Annual General Meeting which was well attended by shareholders and LBT's CEO, Brent Barnes provided an update on activities.

Post the end of the Quarter, CEO and Managing Director, Brent Barnes met with a number of institutional investors and potential industry partners in San Francisco and New York between the 8th and 19th January in conjunction with JP Morgan Biotech Showcase. He says:

*"We are pleased to convey that the feedback from the attendees at the conference and investor meetings have been positive with a strong interest shown in LBT's AI platform technology as it is patent protected, FDA cleared and proven efficacy through an expansive 10,000 patient multi-site global clinical trial. This was an excellent opportunity to establish new relationships and build a strong foundation for potential partnerships for the technology pipeline as well as potential investors."*

The Company reported a cash balance as at 31 December 2017 of \$4.23m and expects operating cash outflows for the Quarter ending 31 March 2018 to be approximately \$1.95m.

## Future Outlook

The focus for 2018 is to launch the APAS® Independence instrument in several key markets. Establishing a global footprint through the appointment of distributors, presenting at key conferences during the year and having independent reference laboratories is expected to establish the foundation for scale.

European launch activities will increase in conjunction with CCS exhibiting at the 28th ECCMID conference, taking place in Madrid, Spain, from 21 - 24 April 2018. It is expected the first shipment of APAS® Independence to Europe will occur in the first half of CY2018.

In the United States, the APAS® technology is the first and only FDA Cleared instrument utilising AI technology in clinical microbiology. This step change technology is believed to be unique and delivers efficiencies to busy pathology laboratories that rely on the current gold standard of manual plate reading. CCS will exhibit at the American Society Microbiology "Microbe" meeting in Atlanta, USA from 7 – 11 June 2018 followed by the American Society for Clinical Chemistry meeting in Chicago, USA from 29 July to 2 August 2018. Combined, these meetings attract over 30,000 attendees. It is expected first shipment of APAS® Independence to the US will occur in the second half of CY2018.

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## About LBT Innovations

LBT Innovations (LBT) uses artificial intelligence (AI) to improve patient outcomes, making healthcare more efficient. The company has developed a patent protected machine learning and intelligent imaging platform technology to deliver the only FDA cleared instrument utilising AI technology in clinical microbiology. Based in Adelaide, South Australia, the Company has two world class-leading products in microbiology automation: MicroStreak®, which provides automated culture plate streaking and the Automated Plate Assessment System (APAS®). LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH to commercialise APAS® products. LBT has extended its core FDA Cleared AI technology in the area of chronic wound management. WoundVue® is prototype hand-held device which automatically analyses and records progress of long-term chronic wounds.

## CONTACTS

LBT Innovations	Media Relations
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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

LBT Innovations Ltd

**ABN**

95 107 670 673

**Quarter ended ("current quarter")**

December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (....6...months) \$A</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(286,000)	(286,000)
(b) product manufacturing and operating costs	(4,701,487)	(5,073,663)
(c) advertising and marketing	(12,193)	(19,981)
(d) leased assets	0	0
(e) staff costs	(281,750)	(589,963)
(f) administration and corporate costs	(121,066)	(236,157)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	21,033	47,230
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	4,324,296	4,324,296
1.8 Other:		
Reimbursement of expenses from JV Company, Clever Culture Systems	4,088,591	4,834,249
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,031,424</b>	<b>3,000,011</b>

Consolidated statement of cash flows	Current quarter \$A	Year to date (....6...months) \$A
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8,860)	(33,980)
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property (APAS)	(516,505)	(1,213,858)
(e) other non-current assets	0	0
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	0	0
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property	0	0
(e) other non-current assets	0	0
2.3 Cash flows from loans to other entities	(2,748,378)	(3,494,036)
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3,273,743)</b>	<b>(4,741,874)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,000,000	2,499,995
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	1,067	(22,775)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,001,067</b>	<b>2,477,220</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A</b>	<b>Year to date (....6...months) \$A</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,474,160	3,497,628
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,031,424	3,000,011
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,273,743)	(4,741,874)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,001,067	2,477,220
4.5	Effect of movement in exchange rates on cash held	(39)	(116)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,232,869</b>	<b>4,232,869</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A</b>	<b>Previous quarter \$A</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	714,820	1,156,111
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (Term Deposits)	3,518,049	1,318,049
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,232,869</b>	<b>2,474,160</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	102,620
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 includes remuneration paid to the Directors including remuneration paid to the Chief Executive Officer.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(2,748,378)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Loan to Clever Culture Systems AG; a joint venture company that is owned 50/50 between LBT Innovations and Hettich Holding Beteiligungs- und Verwaltungs-GmbH.

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A</b>	<b>Amount drawn at quarter end \$A</b>
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	40,000	14,279
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Item 8.2 is a corporate credit card facility which is paid off in full each month.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A</b>
9.1 Research and development	0
9.2 Product manufacturing and operating costs	(594,707)
9.3 Advertising and marketing	(6,446)
9.4 Leased assets	0
9.5 Staff costs	(283,627)
9.6 Administration and corporate costs	(208,584)
9.7 Other (intellectual property APAS)	(849,344)
Other (Loan to Clever Culture Systems (LBT's Joint Venture Company)	0
Capital Expenditure	(8,066)
<b>9.8 Total estimated cash outflows</b>	<b>(1,950,774)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....  
 (Company secretary)

Date: 29 January 2018

Print name: Dan Hill

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.