



**LBT INNOVATIONS**

ACN 107 670 673

# LBT Innovations Ltd

ACN 107 670 673

## APPENDIX 4D HALF YEAR RESULTS

Interim Financial Report For the half-year ended 31 December 2018

(Previous corresponding period being the half-year ended 31 December 2017)

This information should be read in conjunction with the 30 June 2018 Annual Report and any public announcements made by LBT Innovations Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Half Year	December 2018	December 2017	Change	Change
	\$'000s	\$'000s	\$'000s	%
Revenue from ordinary activities	1,780	3,473	(1,693)	(48.7%)
Profit / (Loss) from ordinary activities after tax attributable to members	(1,672)	(1,052)	(620)	(58.9%)
Total Comprehensive income / (loss)	(1,593)	(1,039)	(554)	(53.3%)

**Revenue**

Revenue for the half-year ended 31 December 2018 decreased by 48.7%. Revenue of \$1.78 million comprised:

- \$0.30 million Sales revenue
- \$0.82 million Reimbursement of expenses from Joint Venture Company (Clever Culture Systems AG)
- \$0.50 million consulting income paid by Clever Culture Systems AG to LBT
- \$0.15 million Interest income

LBT's principal source of revenue in the half year period is from its joint venture company Clever Culture Systems AG, for the reimbursement of expenses incurred by LBT in relation to the operations of CCS and the provision of consulting services to CCS by LBT staff.

During the half year period, LBT recognised its first sale of an APAS Independence, as the distributor in Australia. For sales in Australia, LBT earns income as the distributor, as well as its share of income earned in its 50% owned joint venture company, CCS. Outside of Australia it is anticipated sales will be made direct by CCS, until distributors are appointed in the target geographies.

**Profit after tax**

The loss of the Company after tax was (\$1.67) million comprising a loss before tax of (\$2.43) million less a tax benefit of \$0.76 million.

The loss before tax of (\$2.43) million is comprised of:

- \$0.08 million gross margin for the first sale of an APAS instrument.
- (\$0.98) million of depreciation and amortisation. (\$0.96m) is amortisation of the APAS development costs, with amortisation having commenced following the first sale of an APAS instrument in August 2018.
- (\$0.86) million for LBT's 50% share of the loss of its joint venture company, Clever Culture Systems AG (CCS). The LBT's share of the CCS loss includes (\$0.45) million for the commencement of amortisation of its capitalised APAS development costs. Consistent with LBT, the amortisation was commenced following the first sale of an APAS instrument in August 2018.
- (\$0.32) million for total employee and JV related research and development expenses, net of CCS reimbursements for staff and expenses.
- (\$0.50) million other expenses including general administration, marketing and legal expenses.
- \$0.15 million other income, largely interest income.

LBT has recognised a current tax asset of \$0.43 million attributable to an expected 2019 R&D tax refund receivable.

**Dividends**

It is not proposed to pay a dividend.

**Net Tangible Assets per security**

The net tangible assets per LBT Innovations Ltd share was 6.81 cents as at 31 December 2018, compared with 7.65 cents per share as at 30 June 2018.

**Control Gained or lost over entities**

Not applicable

**Dividend or distribution reinvestment scheme**

Not applicable

**Details of associates and joint venture entities**

LBT Innovations has a 50% interest in a joint venture with Hettich Holding Betelligungs- und Verwaltungs-GmbH. The joint venture company is Clever Culture Systems AG, incorporated in Switzerland. The interest in the joint venture is held directly by LBT Innovations Limited. The purpose of the joint venture is to commercialise LBT's APAS technology which will be conducted through distribution partners, on a market by market basis.

## DIRECTORS REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2018.

### Directors

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The names of directors in office at any time during or since the end of the half year period are:

Catherine Mary Costello (Chair of the board)  
Brenton Barnes (Chief Executive Officer)  
Stephen Paul Mathwin  
Caroline Popper  
Glenn Haifer  
Simon Arkell (Commenced 30 January 2019)  
Matthew Michalewicz (Resigned 22 October 2018)

Daniel Hill held the position of Company Secretary.

### Review of Financials

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The Company recorded its first APAS sale during the half-year with a gross margin of \$0.08 million and a further \$0.034 million in unearned income.

The Company received \$1.89 million in the period for the 2018 R&D tax incentive.

Overall the Company reported a net loss before tax of (\$2.43) million, which included (\$1.84) million of non-cash items being the commencement of amortisation of the APAS Development intangible asset following the first sale of an instrument and the recognition of LBT's 50% share of the net loss of its JV Company, CCS. Other expenses, net of reimbursements from CCS and net of the gross margin for the first APAS sale, were (\$0.59) million.

The net assets of the Company have decreased by \$1.5 million from 30 June 2018 to \$27.6 million at 31 December 2018.

The Company's cash position was \$5.71 million at 31 December 2018, compared to \$7.57 million on hand at 30 June 2018.

The main use of cash was the development of additional Analysis Modules for the APAS instrument (\$1.3) million and funding 50% of the commercialisation and early sales activities in CCS (\$0.86) million.

The Company has a \$4 million loan facility provided by the South Australian Government. The facility provides LBT with the ability to drawdown the loan in instalments of \$1 million, \$1.5 million and \$1.5 million. All drawdowns are available through to December 2019, subject to achievement of operational milestones applicable at each drawdown date.

### Review of Operations

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The key highlights and significant events for the half-year from 1 July 2018 to 31 December 2018 (the **Half-Year**) and to the date of this Interim Financial Report:

- The Company achieved the first sale of an APAS® Independence instrument to St Vincent's Hospital in Melbourne. The sale was achieved following a successful evaluation of APAS® Independence in a clinical setting. The sale price was consistent with expected market price previously disclosed and LBT has recognised revenue as it is the Australian distributor.

- During the Half-Year, the Company continued its active sales and marketing activities in Australia, meeting with key executives of potential customers and other opinion leaders to raise awareness of our product on a national basis. Additional customer evaluations were also completed in customer laboratories during the Half-Year as part of the sales process.
- The first placement of an APAS® Independence instrument into a United States medical centre was completed at Hennepin Healthcare Research Institute. This leads to the establishment of the first centre of excellence for APAS® in the United States.
- CCS filed a 510 (k) application with the United States Food and Drug Administration for its fully automated APAS® Independence Instrument.
- Following the appointment of a European Sales Executive, CCS has advanced marketing activities in Europe for the commercialisation of APAS® Independence. CCS is now actively meeting with key target laboratories to build awareness of the instrument ahead of distributor placement.

### Future Developments and Prospects

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The Company's focus for 2019 is to continue with early sales and commercialisation activities in the key launch markets, namely Australia, Europe and the United States. To support commercialisation of APAS® Independence in the overseas market, CCS will continue its efforts in securing potential distributors in the United States and Europe.

In the United States, CCS will commence a lead generation campaign to build market awareness and develop an active sales pipeline in this key target market. CCS will also be presenting again at the American Society of Microbiology "Microbe" meeting in San Francisco, from 20 - 24 June 2019.

In Europe, CCS will be showcasing the APAS® Independence at the ECCMID conference in Amsterdam, Netherlands, from 13 – 16 April 2019. This will include a presentation from the German APAS Centre of Excellence, Dr Labor Wisplinghoff, on the utility of the instrument.

In Australia, the Company will build on its sales activities from last year with additional placements of the instrument planned for further evaluation at target customer sites in the first half of 2019. LBT will continue to focus on working with laboratories for future sales opportunities.

The Company will also continue with the development work for its next APAS analysis module for MRSA specimen types. This will further extend the clinical utility of the APAS Independence for microbiology laboratories by increasing the scope of specimens that can be processed by the instrument.

### Rounding of Amounts

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The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

### Auditor's Independence Declaration

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The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the Half-Year ended 31 December 2018.

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



Catherine Costello  
Chairman



Brent Barnes  
Chief Executive Officer

Dated at Adelaide this 26<sup>th</sup> day of February 2019.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of LBT Innovations Ltd for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

*HLB Mann Judd*

**HLB Mann Judd Audit (SA) Pty Ltd**  
Chartered Accountants



**Jon Colquhoun**  
Director

**Adelaide, South Australia**  
**26 February 2019**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097**

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Interim Financial Report  
31 December 2018

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## Statement of Comprehensive Income

For the Half-year Ended 31 December 2018

	Note	31/12/18 \$000	31/12/17 \$000
Sales revenue		299	0
Cost of goods sold		(222)	0
<b>Gross Profit</b>		<b>77</b>	<b>0</b>
Consulting income		503	437
Other revenue	3d	157	139
Reimbursement of expenses from JV company		820	2,897
Consulting fees	3a	(94)	(230)
Employee benefits expense	3b	(879)	(763)
General administration expenses		(130)	(152)
Legal		(14)	(66)
Marketing		(51)	(46)
Other expenses	3c	(974)	(3,804)
Depreciation and amortisation expense		(980)	(33)
<b>Operating Profit / (loss)</b>		<b>(1,565)</b>	<b>(1,621)</b>
Share of profit / (loss) of associates & joint ventures accounted for using the equity method		(862)	(323)
<b>Profit / (Loss) before income tax</b>		<b>(2,427)</b>	<b>(1,944)</b>
Income tax (expense) / benefit		755	892
<b>Net profit / (loss) for the year</b>		<b>(1,672)</b>	<b>(1,052)</b>
Other comprehensive income / (loss)		79	13
Other comprehensive income / (loss) net of tax		79	13
<b>Total comprehensive loss for the year</b>		<b>(1,593)</b>	<b>(1,039)</b>
Basic earnings per share (cents per share)		(0.83)	(0.74)
Diluted earnings per share (cents per share)		(0.83)	(0.74)

The accompanying notes form part of the financial statements.

## Statement of Financial Position

As at 31 December 2018

	Note	31/12/18 \$000	30/06/18 \$000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		5,710	7,572
Trade and other receivables		388	251
Current tax asset		432	1,661
<b>Total Current Assets</b>		<b>6,530</b>	<b>9,484</b>
<b>Non-Current Assets</b>			
Trade and other receivables		340	0
Plant and equipment		80	90
Investments accounted for using the equity method		0	151
Financial assets	4	7,842	7,745
Deferred tax assets		939	517
Intangible assets	5	18,377	18,122
<b>Total Non-Current Assets</b>		<b>27,578</b>	<b>26,625</b>
<b>Total Assets</b>		<b>34,108</b>	<b>36,109</b>
<b>Current Liabilities</b>			
Trade and other payables		602	1,685
Provisions		178	179
<b>Total Current Liabilities</b>		<b>780</b>	<b>1,864</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		238	0
Unearned income		34	0
Deferred tax liabilities		5,384	5,053
Provisions		90	83
<b>Total Non-Current Liabilities</b>		<b>5,746</b>	<b>5,136</b>
<b>Total Liabilities</b>		<b>6,526</b>	<b>7,000</b>
<b>Net Assets</b>		<b>27,582</b>	<b>29,109</b>
<b>Equity</b>			
Issued capital	6	30,855	30,855
Reserve	7	1,127	1,038
Retained earnings		(4,400)	(2,784)
<b>Total Equity</b>		<b>27,582</b>	<b>29,109</b>

The accompanying notes form part of the financial statements.

## Statement of Changes in Equity

For the Half-year Ended 31 December 2018

	Option Reserve	Foreign Currency Translation Reserve	Share Capital	Accumulated (Losses) / Retained Earnings	Total
	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2017</b>	<b>499</b>	<b>112</b>	<b>20,881</b>	<b>(99)</b>	<b>21,393</b>
Share placement	0	0	2,615	0	2,615
Options granted as remuneration	203	0	0	0	203
Capital raising costs	0	0	(75)	0	(75)
Comprehensive income	0	13	0	0	13
Loss attributable to members	0	0	0	(1,052)	(1,052)
<b>Balance at 31 December 2017</b>	<b>702</b>	<b>125</b>	<b>23,421</b>	<b>(1,151)</b>	<b>23,097</b>
<b>Balance at 1 July 2018</b>	<b>924</b>	<b>114</b>	<b>30,855</b>	<b>(2,784)</b>	<b>29,109</b>
Share placement	0	0	0	0	0
Share issue as compensation	0	0	0	0	0
Options granted as remuneration	66	0	0	0	66
Options lapsed	(56)	0	0	56	0
Capital raising costs	0	0	0	0	0
Tax effect attributable to items in equity	0	0	0	0	0
Comprehensive income	0	79	0	0	79
Loss attributable to members	0	0	0	(1,672)	(1,672)
<b>Balance at 31 December 2018</b>	<b>934</b>	<b>193</b>	<b>30,855</b>	<b>(4,400)</b>	<b>27,582</b>

The accompanying notes form part of the financial statements.

## Statement of Cash Flows

For the Half-year Ended 31 December 2018

	Note	31/12/18 \$000	31/12/17 \$000
<b>Cash Flows From Operating Activities</b>			
Reimbursement of expenses from JV Company		1,365	4,834
Government grants received		0	0
Payments to suppliers and employees		(2,980)	(6,062)
Research and development tax concession		1,892	4,324
Interest received		68	47
<b>Net Cash Provided by / (Used in) Operating Activities</b>		<b>345</b>	<b>3,143</b>
<b>Cash Flows From Investing Activities</b>			
Research and development (intangible asset)		(1,339)	(1,357)
Payments for plant and equipment		(13)	(34)
Loan provided		(855)	(3,494)
<b>Net Cash Used in Investing Activities</b>		<b>(2,207)</b>	<b>(4,885)</b>
<b>Cash Flows From Financing Activities</b>			
Cash proceeds from share placement		0	2,500
Capital raising costs		0	(23)
<b>Net Cash Provided by Financing Activities</b>		<b>0</b>	<b>2,477</b>
Net increase/(decrease) in cash and cash equivalents		(1,862)	735
Cash and cash equivalents at beginning of year		7,572	3,498
Exchange rate adjustments		0	0
<b>Cash and Cash Equivalents at end of year</b>		<b>5,710</b>	<b>4,233</b>

The accompanying notes form part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018****1. Accounting Policies**

The half-year financial statements are a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by LBT Innovations Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The condensed interim financial report was approved by the Board of Directors on 25<sup>th</sup> February 2019.

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2018 and the corresponding interim reporting period, other than the following accounting policies which have been applied for the first time in the half year ended 31 December 2018.

**(a) Revenue**

LBT adopted the new accounting standard, AASB 15 Revenue from Contract with Customers, in the year ended 30 June 2018. Consistent with this accounting standard, LBT has recognised its first sale of an APAS instrument in the half year ended 31 December 2018.

LBT sold the instrument, as the appointed Australia & New Zealand distributor of the APAS Independence® for its Joint Venture company CCS.

In accordance with AASB 15, the sales contract has been divided into two performance obligations, each being a promise to transfer to the customer a good or service that is distinct. Revenue is recognised by LBT when (or as) the LBT satisfies each performance obligation by transferring a promised good or service (ie an asset) to its customer. An asset is transferred when (or as) the customer obtains control of that asset. The Company has identified two distinct performance obligations as follows:

- i. Maintenance and support. The total contracted sale price includes maintenance and support for the first year of use. \$40,000 is attributed to this service based on the list price for annual maintenance and support following the first year. This first year of maintenance and support will commence from when the customer has integrated the instrument into its Laboratory Information System. Therefore, this part of the contracted price will not be recognised as revenue until those services are provided. Instead, the present value of this service has been recorded as unearned income, recognising LBT's liability to provide this service in the future.
- ii. The APAS Independence instrument. Revenue for the Instrument being the balance of the contract price, after deducting the \$40,000 attributed to the maintenance and support.

The instrument was delivered, tested and handed over to the customer in August 2018. The contract provides for a delayed payment plan, and consistent with AASB 15, the sale price has been discounted to net present value.

Once the customer has integrated the instrument with its Laboratory Information System, it will need to enter into an annual software licence agreement, prior to the instrument being used for routine clinical purposes.

**(b) Intangibles****APAS development costs.**

Capitalised APAS Development costs include software development, consulting and some internal salaries incurred from December 2013.

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these costs can be reliably measured.

During the period ending 31 December 2018, the development of the APAS Independence instrument together with the Urine Analysis module applicable to Australia, were both finalised. Following this, the first sale of an instrument occurred in Australia, in August 2018.

Amortisation of the APAS development costs commenced from August 2018, being the date of this first commercial sale. LBT have assessed the useful life of the instrument to be 8 years, based on a review of other similarly priced capital items involving new technology within the same culture plate process. The amortisation of the APAS development costs is calculated on a straight-line basis, being the most appropriate method to reflect the realisation of the future economic benefits arising from the development of the APAS technology.

The APAS Independence instrument will not function without the Analysis Module (AM) software. A separate Analysis Module needs to be developed for each particular specimen type and for the different types of culture plate media used. Different geographies globally utilise different culture plate media for the same specimen testing. A core group of AM's are required to ensure the most common specimen tests are available on the most commonly used culture plate media used in each of the target markets. These development costs are required to realise the functionality of the instrument and achieve its sales potential. These development costs will be capitalised as a separate asset from August 2018 onwards.

**Investment Accounted for Using the Equity Method****(c) Investment in Joint Venture**

LBT established a joint venture company, Clever Culture Systems AG (JV Company), with Hettich Holding Beteiligungs- und Verwaltungs-GmbH. LBT has a 50% interest in the JV Company into which it has contributed CHF25,000 share capital and has granted the JV Company a licence to use its APAS technology. Hettich Holding Beteiligungs- und Verwaltungs-GmbH (Hettich) also holds a 50% interest in the JV Company into which it has contributed CHF25,000 share capital and shareholder loans. Subsequent funding is being provided by LBT and Hettich equally as shareholder loans.

The investment in the JV Company with Hettich Holding Beteiligungs- und Verwaltungs-GmbH is accounted for using the equity method in accordance with AASB 128. Under the equity method, the investment in the JV Company is initially recognised in the balance sheet of LBT at cost, and adjusted for post-acquisition changes in LBT's share of net assets in the JV Company. The initial cost of the investment into the JV Company was assessed as the CHF25,000 share capital contribution together with the fair value of the licence granted to the JV Company to use its APAS® technology, being \$1.51 million.

During the period ending 31 December 2018, the continued adjustments to the investment value from applying LBT's share of the reducing net assets in the JV Company, has resulted in the investment value being reduced to nil. Consistent with Accounting Standard AASB 128, once the investment value is reduced to nil, LBT's share of further reductions in the net assets of the JV Company are recognised as a provision against the recoverability of the shareholder loans. The repayment of the shareholder loans being more in the nature of an 'equity' style risk.

Financial statements of JV Company are aligned to the same reporting period as LBT and have been amended where the JV Company's accounting policies are inconsistent with that of LBT.

During the period ending 31 December 2018, LBT's 50% share of the change in net assets of the JV Company over that period was a loss of (\$862,000). A further amount of \$78,000 was included in comprehensive income relating to the positive impact on LBT's share of net assets due to the movement in exchange rates over the period. The equity accounted loss, net of the foreign exchange impact, of (\$784,000) was applied to reduce the carrying amount of LBT's investment and shareholder loans as follows:

\$151,000 Investment (reduction in carrying value to nil)

\$633,000 Shareholder loans (the remainder of the equity accounted loss) – Refer Note 4.

**2. Revenue**

	31/12/18 \$000	31/12/17 \$000
Sales revenue	299	0
Reimbursement of expenses from JV Company <sup>(2)</sup>	820	2,897
Grant income	0	17
Consulting income	503	437
Foreign exchange gain (loss)	4	33
Interest income	154	89
<b>Total Revenue from ordinary activities</b>	<b>1,780</b>	<b>3,473</b>

**3. Profit for the Year**

Profit before income tax from continuing operations includes the following specific expenses:

<b>(a) Consulting fees</b>		
Consulting fees include fees paid to assist with international market research, scientific and professional consulting.	94	230
<b>(b) Employee benefits expense</b>		
Cash based employee benefits expense includes directors' fees and salaries and wages, including executive bonuses	812	634
Share based payments	67	129
<b>Total employee benefits expense</b>	<b>879</b>	<b>763</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**3. Profit for the Year cont.**

	31/12/18 \$000	31/12/17 \$000
<b>(c) Other Expenses</b>		
Auditors' remuneration <sup>(1)</sup>	34	33
Rent	38	14
Travel and accommodation	77	60
Research and development, JV pre-production expenses <sup>(2)</sup>	761	3,378
Others	64	319
<b>Total Other Expenses</b>	<b>974</b>	<b>3,804</b>
<b>(d) Other Revenue</b>		
Grant income	0	17
Foreign exchange gain (loss)	3	33
Interest income	154	89
<b>Total Income</b>	<b>157</b>	<b>139</b>

NOTE (1) The auditor did not provide any non-audit services to the Company during the year.

NOTE (2) The research and development, JV pre-production expenses of \$0.76 million (2017: \$3.38 million) incurred by LBT, relate to the engineering design and development, and more recently the pre-production expenses of the physical APAS instrument incurred on behalf of the JV. These expenses are included in Other Expenses disclosed at Note 3 (c) above. The majority of these expenses are reimbursed by LBT's 50% owned JV company CCS. The reimbursement of \$0.82 million (2017: \$2.90 million) is included in the Statement of Comprehensive Income.

**4. Financial Assets**

	31/12/18 \$000	30/06/18 \$000
Interest on Loan to joint venture	224	141
Loan to joint venture	8,251	7,604
Provision joint venture losses	(633)	0
<b>Total financial assets</b>	<b>7,842</b>	<b>7,745</b>

The loan is LBT's 50% contribution of the additional funding required by the joint venture company, CCS, in order to fund bringing the APAS based products to market. Future profits of CCS will be applied to repay the loans to both LBT and CCS' other JV shareholder, Hettich Holding Beteiligungs- und Verwaltungs-GmbH. Therefore recoverability of the loan is dependent on sufficient future profitability of APAS instrument sold through CCS.

During the period ending 31 December 2018, the continued adjustments to the investment value from applying LBT's share of the reducing net assets in the JV Company, has resulted in the investment value being reduced to nil. Consistent with Accounting Standard AASB 128, once the investment value is reduced to nil, LBT's share of further reductions in the net assets of the JV Company are recognised as a provision against the recoverability of the shareholder loans. The repayment of the shareholder loans being more in the nature of an 'equity' style risk. Refer Note 1 (c).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**5. Intangible Assets**

	31/12/18	30/06/18
	\$000	\$000
APAS development costs (Note 1 (b))	19,458	18,246
Less: accumulated amortisation	(1,081)	(124)
<b>Total intangible assets</b>	<b>18,377</b>	<b>18,122</b>

**6. Issued Capital**

Issued and paid up capital		
200,927,025 (30 June 2018: 200,927,025) ordinary shares fully paid	33,537	33,537
Less: costs associated with capital raising		
Opening balance	(2,682)	(2,219)
Capital raising costs	0	(558)
Tax effect of capital raising costs	0	95
	<b>30,855</b>	<b>30,855</b>
	<b>No.</b>	<b>No.</b>
Ordinary shares		
At the beginning of the reporting period	200,927,025	139,973,064
Options exercised	0	0
Tranche 1 placement allotted 12 December 2016	0	0
Tranche 2 placement allotted 25 January 2017	0	0
SPP allotted 10 July 2017	0	1,923,057
Shares Issued to Autobio on 1 December 2017	0	6,451,613
Shares Issued to Medvet on 4 December 2017	0	432,620
Tranche 1 allotted 12 March 2018	0	25,164,711
SPP allotted 10 April 2018	0	3,246,666
Tranche 2 allotted 26 April 2018	0	17,393,705
Tranche 2 allotted 27 April 2018	0	3,674,922
Shares issued to Planet Innovation allotted 14 May 2018	0	2,666,667
<b>At reporting date</b>	<b>200,927,025</b>	<b>200,927,025</b>

**7. Reserve**

Option reserve		
Option reserve of valuation of share options <sup>(1)</sup>	934	924
Foreign currency translation reserve <sup>(2)</sup>	193	114
<b>Total Reserve Balance</b>	<b>1,127</b>	<b>1,038</b>

(1) The option reserve records items recognised as expenses on valuation of issued share options

(2) Exchange rate fluctuations on transactions of foreign operations taken to equity



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### 7. Reserve cont.

The option reserve records items recognised on valuation of share based payments. The following options were issued in the half year period:

Opening balance 1 July 2018	18,118,311
Cancellation of options on resignation of director	(500,000)
Expiry of Tranche 1 options issued in December 2016	(5,699,999)
Expiry of Tranche 2 options issued in January 2017	(5,592,506)
Expiry of options issued to Autobio on 1 December 2017	<u>(3,225,806)</u>
Balance 31 December 2018	<u>3,100,000</u>

### 8. Dividends

There have been no dividends declared or paid during the period of this report.

### 9. Capital and Other Commitments

#### Property leases

The Company has leased premises at level 8, 44 Waymouth Street, Adelaide for a period of 3 years from 1 August 2017 at a minimum rental of \$65,630 pa increased annually by CPI, plus outgoings.

The Company has leased premises at Tech Hub, Level 1, 28 Dalgleish Street, Adelaide for a period of 3 years from 1 May 2017 at a minimum rental of \$35,000 pa increased annually by CPI, plus outgoings.

### 10. Investments Accounted for Using the Equity Method

As of the date of signing of this financial report, the audit of Clever Culture Systems AG for the year ended 31 December 2018 is not yet complete. Therefore the Investments accounted for using the JV method are unaudited. Refer Note 1(c).

### 11. Going Concern

The financial statements have been prepared on the basis of a going concern. The Company incurred a loss after tax and comprehensive income of \$1,593,000 for the half year ending 31 December 2018 and net cash outflows from operating and investing activities of \$1,862,000. The company is economically dependent on generating cash flows from the commercialisation of APAS Independence and/or raising additional capital for the continued operations and the provision of working capital.

The Company's ability to continue as a going concern is contingent upon the generation of cash flow from its commercialisation of APAS Independence and/or successfully raising additional capital. If sufficient cash flow is not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

### 12. Subsequent Events

There have been no subsequent events.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LBT Innovations Ltd, we state that:

In the opinion of the directors:

The financial statements and notes set out on pages 9 to 17 are in accordance with the Corporations Act 2001, including:

complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



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CATHERINE COSTELLO  
CHAIRMAN



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BRENTON BARNES  
CHIEF EXECUTIVE OFFICER

Dated this 26<sup>th</sup> day of February 2019

## **Independent auditor's review report to the members of LBT Innovations Ltd**

### **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of LBT Innovations Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of LBT Innovations Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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**HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097**

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd Audit (SA) Pty Ltd**  
**Chartered Accountants**

**Adelaide**  
**26 February 2019**



**Jon Colquhoun**  
**Director**

**[hlb.com.au](http://hlb.com.au)**

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