

Appendix 4E

Preliminary final report

1. Company details

| 3D MEDICAL LIMITED | | |
|----------------------------------------|--------------------------------------------|---------------------------------------------|
| ABN or equivalent company reference | Financial year ended (‘current period’) | Financial year ended (‘previous period’) |
| 26 007 817 192 | 30 June 2015 | 30 June 2014 |

2. Results for announcement to the market

| | | | | | \$A'000's |
|-----|-------------------------------------------------------------------|----|------------------------|----|--------------------------------|
| 2.1 | Revenue [2014: Nil] | Up | - % | to | 167 |
| 2.2 | Loss after tax [2014: (\$302,272)] | Up | 2,188% | to | (6,910) |
| 2.3 | Net loss for the period attributable to members | Up | 2,188% | to | (6,910) |
| 2.4 | Dividends | | | | |
| | | | Amount per security | | Franked amount per security |
| | Final dividend proposed | | Nil ¢ | | Nil ¢ |
| | Interim dividend | | Nil ¢ | | Nil ¢ |
| | Record date for determining entitlements to the final dividend | | N/A | | N/A |

2.5 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Company overview

Historically the main activity of 3D Medical Limited (the **Company**) (formerly Safety Medical Products Limited) has been the development of the *SecureTouch* Syringe. On 6 February 2015 the Company completed the acquisition of 100% of the shares in ThreeD Medical Limited (ACN 166 963 864) (the **Acquisition**).

This Acquisition resulted in a significant change to the nature and scale of the Company's activities as described in the Prospectus dated 24 November 2014. The company was reinstated to official quotation on the Australian Securities Exchange on 18 February 2015.

Since the Acquisition, the Company's main activities are the 3D printing of customised medical products based on data captured by diagnostic imaging tools, and commercialising the rights it owns in selected territories to a range of technologies, including: *Mach 7 Technologies* data and image management solution; the *GestSure* sensor technology for in operating theatre diagnostic image interaction; and the *EchoPixel* holographic viewer for diagnostic images.

The Company is in its initial start-up stage and is laying down the foundations for future growth. Accordingly, the Directors anticipate making further losses in the foreseeable future.

Commentary on results for the period

The 2015 financial year represents the first financial report of 3D Medical Limited since the date of the Acquisition and reinstatement to official quotation on the Australian Securities Exchange in February.

The Company's statement of profit and loss and other comprehensive income for the period recognised a loss of \$6,909,809 and as described in Note 3.2 of the financial accounts, \$5,434,359 of this loss was attributed to asset impairments including: the impairment of an intercompany loan upon consolidation (\$610,000); and the impairment of an intangible asset created upon consolidation (\$4,824,359). In the case of the impairment of the latter, this non-cash write-off was necessary as this resulting intangible asset did not meet the definition of goodwill, or a separately identifiable intangible asset, in accordance with the Australian Accounting Standards and related pronouncements.

During the year, the Company successfully placed 81.772 million ordinary shares at \$0.05 per share to raise \$4.088 million before costs by way of a public offer.

Revenue for the period was \$167,081 and cash expenses included a number of one-off items including costs related to the Acquisition, costs associated with the capital raising and reinstatement, and costs associated with establishing the Company in its Port Melbourne facility. At the end of the reporting period the Company had a cash balance of \$2.751 million and had no debt.

Business Development

The Company is actively involved in business development as it seeks to identify favorable product and market opportunities. Given their early stage nature, these business development activities have been focused on a narrow set of medical modalities and have been confined principally to the Victorian geographic area. These activities have been focused on raising awareness of the Company's products and services and assisting potential customers evaluate the Company's value proposition.

It is the intention of the Company to expand its business development activities across additional targeted medical modalities while it concurrently builds channel partners and direct sales interfaces with existing and new customers.

Governance initiatives

The Company has recently instituted a number of governance initiatives designed to assist it in rapidly identifying market opportunities and continuing the commercialisation of the Company's strategy. These initiatives include:

- The establishment of a *Strategic Review Committee* to assist the Board in reviewing and evaluating the Company's strategic plans and developing refinements to those strategic plans.
- The establishment of a *Mergers & Acquisitions Committee* to assist the Board in reviewing and assessing potential mergers, acquisitions, divestments and other investments.
- The establishment of a *Medical Advisory Board* charter. When constituted, the Medical Advisory Board will provide advice and make recommendations to the Company's Board of Directors on any relevant matters delegated and provide a broad perspective on trends in healthcare and medical research.

Corporate strategy

In readying the businesses to deliver profitable growth, the strategy of the Company is founded upon three core governance principles:

1. Fiscal management – to ensure control of the key revenue and cost drivers and the efficient and productive utilisation of available resources, and,
2. Sustainable growth – focusing on proven profitable market segments and building upon the base of existing product, service and customer opportunities, and,
3. Diversification and extension – identifying additional revenue streams that complement existing capabilities and expanding geographic and product reach.

Achievements to date

Highlights since listing include:

- ✓ Successfully completed a capital raising of \$4,088,600 under the prospectus
- ✓ Reinstated the Company's official quotation on the Australian Securities Exchange
- ✓ Entered into an exclusive supply agreement with diagnostic imaging group, Capitol Health
- ✓ Entered a software license and support agreement with Telstra Health that sees them become a reseller of the 3D Medical distributed Mach 7 image management software
- ✓ Collaborated in the production of a medical implant in an pioneering Australian-first surgery
- ✓ Entered into a manufacturing agreement for the supply of personalised medical prosthesis
- ✓ Entered into a research collaboration agreement with Genesis Cancer Care for the design and production of medical consumables for use in radiotherapy treatments
- ✓ Entered into a partnership agreement with Intelrad to build a direct sales interface

Future planned developments

Planned near-term developments for the Company include:

- Obtaining industry specific accreditations including ISO 13485; an International Organization for Standardization (ISO) standard that represents the requirements for a comprehensive quality management system for the design and manufacture of medical devices. ISO 13485 accreditation is a necessary precursor for the Company's ambition to be successful in building commercial scale as a trusted supply chain partner in delivering custom made medical devices to the healthcare sector.
- A staged investment of around \$1 million in additional plant and equipment including the latest technology 3D printers capable of printing in a range of advanced materials as well as investment in post-production technologies designed to enhance the Company's quality assurance procedures. This additional investment is required for the Company to build greater speed, agility and cost reductions as the Company scales its 3D printing activities.

Events subsequent to balance date

There are no events subsequent to balance date to report.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 2015 \$ | 2014 \$ |
|------------------------------------------------------------------------|------|---------------------------|-------------------------|
| Revenue from continuing operations | | | |
| Revenue | 3.1 | 167,081 | 3,220 |
| Cost of sales | | <u>(133,889)</u> | <u>-</u> |
| Gross profit | | 33,193 | 3,220 |
| Operating costs | 3.2 | (436,540) | (106,101) |
| Corporate costs | 3.2 | (6,134,338) | (198,664) |
| Finance costs | 3.2 | (887) | (727) |
| Selling and distribution | 3.2 | (9,425) | - |
| Employee and consultants costs (incl. directors fees and remuneration) | 3.2 | <u>(361,811)</u> | <u>-</u> |
| Profit/(loss) before tax | | (6,909,809) | (302,272) |
| Income tax expense | 3.3 | <u>-</u> | <u>-</u> |
| Profit/(loss) from continuing operations | | (6,909,809) | (302,272) |
| Loss for the year | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| Other Comprehensive Income | | | |
| <i>Items that may be reclassified to Profit or Loss</i> | | <u>-</u> | <u>-</u> |
| Other comprehensive loss for the year, net of tax | | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the year | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| Loss for the period attributable to: | | | |
| Owners of the parent | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| Total comprehensive loss for the year attributable to: | | | |
| Owners of the parent | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| | | <u>(6,909,809)</u> | <u>(302,272)</u> |
| Loss per share | | | |
| Basic (cents per share) | | (3.6) | (0.5) |
| Diluted (cents per share) | | (3.0) | (0.5) |

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

3.1 Revenue from continuing operations

| | 2015 \$ | 2014 \$ |
|-------------------|------------|------------|
| Revenue | | |
| Sales Revenue | 143,878 | - |
| Interest Received | 23,203 | 3,220 |
| Total | 167,081 | 3,220 |

3.2 Expenses from continuing operations

| | 2015 \$ | 2014 \$ |
|-----------------------------------|------------|------------|
| Intangible impairment costs | 4,824,359 | - |
| Impairment of intercompany loan | 610,000 | - |
| Marketing, distribution & selling | 77,579 | - |
| Employee benefits expense | 193,696 | - |
| Costs associated with acquisition | 595,361 | - |
| Directors fees | 168,114 | - |
| Occupancy costs | 89,737 | - |
| Depreciation | 7,624 | - |
| Other | 376,531 | 305,492 |
| Total | 6,943,001 | 305,492 |

3.3 Income tax (expense)/benefit from continuing operations

| | 2015 \$ | 2014 \$ |
|-------------------------------------------------------------------------|-------------|------------|
| Profit before income tax | (6,909,809) | (302,272) |
| Income tax (expense)/benefit at the Australian tax rate 30% (2014: 30%) | 2,072,943 | (90,682) |
| Tax effect of impairment expenses | (1,630,445) | - |
| Non-deductible expenses | - | - |
| (Under)/over provision of income tax in prior years | - | - |
| Tax effect of deferred tax asset not brought to account | (442,498) | 69,857 |
| Other | - | 20,825 |
| Total income tax (expense)/benefit | - | - |

4. Consolidated Statement of Financial Position

| | Note | 2015 \$ | 2014 \$ |
|--------------------------------------|------|------------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 2,751,420 | 566,836 |
| Trade and other receivables | | 170,996 | 7,469 |
| Other receivables | | 243,979 | 50,000 |
| Total current assets | | 3,166,395 | 624,305 |
| Non-current assets | | | |
| Plant and equipment | | 522,563 | - |
| Total non-current assets | | 522,563 | - |
| TOTAL ASSETS | | 3,688,958 | 624,305 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 592,270 | 85,799 |
| Total current liabilities | | 592,270 | 85,799 |
| Non-current liabilities | | | |
| Total non-current liabilities | | - | - |
| TOTAL LIABILITIES | | 592,270 | 85,799 |
| NET ASSETS | | 3,096,688 | 538,506 |
| EQUITY | | | |
| Contributed equity | | 11,078,442 | 3,151,893 |
| Options Reserve | | 1,541,442 | - |
| Accumulated losses | | (9,523,196) | (2,613,387) |
| TOTAL EQUITY | | 3,096,688 | 538,506 |

Consolidated Statement of Changes in Equity

| | Share capital | Reserves | Accumulated losses | Total equity |
|----------------------------------------------|-------------------|------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 Jul 2013 | 2,779,628 | - | (2,311,115) | 468,513 |
| Loss for the year | - | - | (302,272) | (302,272) |
| Total comprehensive loss for the year | - | - | (302,272) | (302,272) |
| Issue of share capital | 1,067,063 | - | - | 1,067,063 |
| Capital raising costs | (30,751) | - | - | (30,751) |
| Reduction of capital | (664,047) | - | - | (664,047) |
| Balance at 30 June 2014 | 3,151,893 | - | (2,613,387) | 538,506 |
| Balance at 1 July 2014 | 3,151,893 | - | (2,613,387) | 538,506 |
| Loss for the year | - | - | (6,909,809) | (6,909,809) |
| Total comprehensive loss for the year | - | - | (6,909,809) | (6,909,809) |
| Issue of share capital | 8,229,207 | - | - | 8,229,207 |
| Capital raising costs | (302,658) | - | - | (302,658) |
| Issue of share options | - | 1,541,442 | - | 1,541,442 |
| Balance at 30 June 2015 | 11,078,442 | 1,541,442 | (9,523,196) | 3,096,688 |

5. Consolidated Statement of Cash Flows

| | \$ | \$ |
|---------------------------------------------------------------------|-------------------------|-----------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 103,088 | - |
| Payments to suppliers and employees | (1,893,244) | (252,240) |
| Interest and other items of similar nature paid | - | - |
| Interest received | 23,203 | 3,220 |
| Income taxes paid | - | - |
| Net cash provided by / (used in) operating activities | <u>(1,766,952)</u> | <u>(249,020)</u> |
| Cash flows from investing activities | | |
| Payment for plant and equipment | (508,188) | - |
| Proceeds from sale of plant and equipment | - | - |
| Cash acquired through business acquisition | 33,176 | - |
| Net cash provided by / (used in) investing activities | <u>(475,012)</u> | <u>-</u> |
| Cash flows from financing activities | | |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | - | - |
| Proceeds from issues of securities | 4,426,549 | 820,000 |
| Other - share issue costs | - | (30,750) |
| Net cash provided by / (used in) financing activities | <u>4,426,549</u> | <u>789,250</u> |
| Net increase / (decrease) in cash and cash equivalents | 2,184,585 | 540,230 |
| Cash and cash equivalents at the beginning of the financial year | <u>566,836</u> | <u>26,606</u> |
| Cash and cash equivalents at the end of the financial period | <u>2,751,420</u> | <u>566,836</u> |

6.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

Consideration for the acquisition of all the shares in ThreeD Medical Limited was by way of issuing 175,000,000 ordinary shares in 3D Medical Limited and 116,432,447 options to acquire ordinary shares in 3D Medical Limited at \$0.05 per share.

A total of 11,595,224 ordinary shares (value \$200,607) were issued in lieu of fees for services provided to the company.

6.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the condensed consolidated cash flow statement) to the related items in the accounts is as follows.

| | 2015 \$ | 2014 \$ |
|--------------------------------------------|------------------|----------------|
| Cash on hand and at bank | 2,751,420 | 566,836 |
| Total cash at end of financial year | 2,751,420 | 566,836 |

6.3 Reconciliation of profit after income tax to net cash inflow from operating activities

| | 2015 \$ | 2014 \$ |
|-------------------------------------------------------------|--------------------|------------------|
| Operating profit after income tax | (6,909,809) | (302,272) |
| Non cash items | | |
| Depreciation & amortisation | 7,624 | - |
| Intangibles impairment | 4,824,359 | - |
| Assets written off | - | 636,853 |
| Debt to equity conversion | - | (247,063) |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in trade & other receivables | (40,790) | 35,431 |
| (Increase)/ decrease in other assets | 52,888 | - |
| (Increase)/ decrease in inventory | - | - |
| Increase /(decrease) in provisions | - | - |
| Increase /(decrease) in accounts payable and other payables | 298,776 | (371,969) |
| Increase/(decrease) in current tax provision | - | - |
| Increase/(decrease) in deferred tax asset | - | - |
| Net cash outflows from operating activities | (1,766,952) | (249,020) |

7. Dividends

7.1 Individual dividends per security

No dividends were paid or provided during the year-ended 30 June 2015 (2014: Nil).

7.2 Total dividend per security (interim *plus* final)

| | 2015 \$ | 2014 \$ |
|---------------------|------------|------------|
| Ordinary securities | - | - |

7.3 Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation: .

| |
|-----|
| NIL |
|-----|

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

8. Consolidated retained profits

| | 2015 \$ | 2014 \$ |
|-----------------------------------------------------------|--------------------|--------------------|
| Retained profits at the beginning of the financial period | (2,613,387) | (2,311,115) |
| Net profit attributable to members | (6,909,809) | (302,272) |
| Dividends paid or payable | - | - |
| Retained earnings at end of financial period | (9,523,196) | (2,613,387) |

9. NTA backing

| | 2015 | 2014 |
|----------------------------------------------------------------------------------------------------|-----------|-----------|
| Net tangible asset backing per ordinary security (adjusted for effect of 1:10 share consolidation) | 0.8 cents | 0.6 cents |

10. Control gained over entities

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Name of entity (or group of entities) | ThreeD Medical Limited |
| Date Control gained | 6 February 2015 |
| Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities during the period (where material). | <p>Nil</p> <p>On acquisition the business of ThreeD Medical Limited was transferred to the parent 3D Medical Limited</p> |
| Profit / (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period. | Nil |

10.1 Loss of control over entities

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Name of entity (or group of entities) | N/A |
| Date control lost | |
| Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities during the period (where material). | \$ |
| Consolidated profit / (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material). | \$ |

11. Details of associates and joint venture entities

| Name of associate/joint venture | Reporting entity's percentage holding | | Contribution to Net profit/(loss) (where material) | |
|---------------------------------|---------------------------------------|-------------------------------|----------------------------------------------------|-------------------------------|
| | Current Period | Previous corresponding period | Current Period | Previous corresponding period |
| N/A | | | | |

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):

Profit/(loss) from ordinary activities before tax

Income tax on ordinary activities

Profit/(loss) from ordinary activities after tax

Extraordinary items net of tax

Net profit/(loss)

Adjustments

Share of net profit/(loss) of associates and joint venture entities

| 2015 \$ | 2014 \$ |
|------------|------------|
| | |
| | |
| | |
| | |
| | |

This report is based on accounts to which one of the following applies.

(Tick one)



The +accounts have been audited.



The +accounts have been subject to review.



The +accounts are in the process of being reviewed.



The accounts are in the process of being audited.



The +accounts have *not* yet been audited or reviewed.

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A

Sign here:



Chairman and Non-Executive Director

Date: 31 August 2015

Print name: Dr Nigel Finch