3D MEDICAL LIMITED
(Formerly SAFETY MEDICAL PRODUCTS LIMITED)

ABN: 26 007 817 192

AND CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2015

Annual report
For the year ended 30 June 2015

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Corporate Directory
For the year ended 30 June 2015

Directors

Dr Nigel Finch (Non-executive director, Chairman)
Mr Frank Pertile (Non-executive director)
Mr Stephen Hewitt-Dutton (Non-executive director)

Registered Office

Unit 4, 435 Williamstown Road
Port Melbourne, Victoria 3207
Telephone: +61 (3) 9646 2222
Facsimile: +61 (3) 9645 4707

Company Secretary

Ms Alyn Tai

Principal Business Office

Unit 4, 435 Williamstown Road
Port Melbourne, Victoria 3207
Telephone: +61 (3) 9646 2222
Facsimile: +61 (3) 9645 4707

Share Registry

Link Market Services Limited
Level 1, 333 Collins St., Melbourne, VIC, 3000
Locked Bag A14, Sydney South, NSW, 1235
Telephone: 1300 554 474
Facsimile: (02) 9287 303
Website: www.linkmarketservices.com.au

Auditor

RSM Bird Cameron Partners
Level 21,
55 Collins Street,
Melbourne, Victoria 3000

Stock Exchange Listing

Australian Stock Exchange
Trading Code:
3DM – ordinary shares

Bankers

Westpac Banking Corporation
150 Collins Street,
Melbourne, Victoria 3000

Website Address

www.3dmedical.com.au

Solicitors

K & L Gates
Level 25,
525 Collins Street,
Melbourne, Victoria 3000

Letter from the Chairman
For the year ended 30 June 2015

Dear Shareholders

On behalf of the Board of Directors of 3D Medical Limited (formerly Safety Medical Products Limited) (**3DM** or the **Company**), I am pleased to present to you our 2015 Annual Report.

The Period in Review

The financial year ended 30 June 2015 (**year or FY15**) was significant year of transition for the Company, during which the Company acquired the total issued share capital of ThreeD Medical Pty Ltd ACN 166 963 864 (formerly known as 3D Medical Limited) (**Acquisition**). Following the Acquisition, the Company's shares were reinstated to official quotation on the ASX (**Re-quotation**), and the Company changed its name to 3D Medical Limited to reflect the operations of the business and the new direction of the listed entity.

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 4 of the financial accounts, $4,824,359 of this loss was attributed to asset impairments.

During the year and as part of the Acquisition and Re-quotation process, 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 under a prospectus dated 24 November 2014 (**Prospectus**).

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 favourable 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 the Acquisition and Re-quotation 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 a 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 Intelerad to build a direct sales interface

Future planned developments

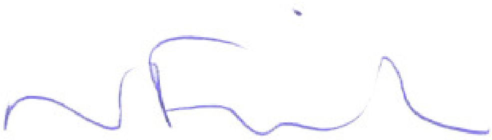
Planned near-term developments for the Company include:

- 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.

In line with the Company's strategy stated in the Prospectus, the Board intends to continue seeking and where appropriate pursuing opportunities for growth by way of acquisitions that complement the Company's business operations.

I take this opportunity to thank all shareholders, our employees, my fellow Directors and all our stakeholders for their continued support.



Dr Nigel Finch
Chairman

29 September 2015

Directors' report

For the year ended 30 June 2015

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of 3D Medical Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 June 2015 (**year** or **FY15**).

Directors and company secretary

The following persons were Directors or Company Secretary of the Company at any time during FY15, or since the end of FY15 up to the date of this report:

Current Directors

Mr Stephen Hewitt-Dutton	Independent Non-Executive Director (6 October 2010 – present)
Mr Frank Pertile	Non-Executive Director (9 February 2015 – present)

Dr Nigel Finch Independent Non-Executive Director (7 May 2015 – present) and Independent Non-Executive Chairman (28 May 2015 – present)

Former Directors

Mr Matthew Morgan	Non-Executive Director (9 February 2015 – 28 May 2015)
Mr Peter Christie	Non-Executive Director (6 October 2010 – 9 February 2015)
Mr Simon Jenkins	Non-Executive Director (20 May 2014 – 9 February 2015)

Current Company Secretary

Ms Alyn Tai	(10 June 2015 – present)

Former Company Secretaries

Mr Andrew Metcalfe	(27 February 2015 – 10 June 2015)
Ms Deborah Ho	(7 November 2012 – 17 March 2015)

Principal Activities

Prior to the Company's acquisition of 100% of the shares in ThreeD Medical Pty Ltd ACN 166 963 864 (formerly known as 3D Medical Limited) (**Acquisition**), the main activity of 3D Medical Limited (formerly Safety Medical Products Limited) was the development of the *SecureTouch* Syringe. On 6 February 2015 the Company completed the acquisition, which resulted in a significant change to the nature and scale of the Company's activities as described in its Prospectus dated 24 November 2014 (**Prospectus**). The company was reinstated to official quotation on the Australian Securities Exchange on 18 February 2015 (**Re-quotation**), and the Company changed its name to 3D Medical Limited to reflect the operations of the business and the new direction of the listed entity.

Since the Acquisition, the Company's principal activities have been and continue to be the 3D printing of customised medical products based on data captured by diagnostic imagining 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 (**3D Medical Business**).

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

Directors' report
For the year ended 30 June 2015

Review of Operations for the Year

Information on the operations and financial position of the group and its business strategies and prospects is set out in the Letter from the Chairman on pages 4 and 5 of this annual report.

Significant Changes in the State of Affairs

Change in nature of the Company's activities

- In order to proceed with the Acquisition, in December 2014, the Company sought and received shareholder approval under Chapter 11 of the ASX Listing Rules to change the nature of the Company's activities.
- In January 2015, the Company completed a capital raising of $4,088,600 by way of an issue of shares under the Prospectus, to fund the Acquisition and the Company's working capital requirements.
- On 6 February 2015, the Company completed the Acquisition of the total issued share capital of ThreeD Medical Pty Ltd ACN 166 963 864 (formerly known as 3D Medical Limited).
- Following the Acquisition and the Company's re-compliance ASX's admission requirements of Chapters 1 and 2 of the ASX Listing Rules, the Company's shares were reinstated to official quotation on the ASX.

On 10 February 2015, the Company changed its name from Safety Medical Products Limited to 3D Medical Limited, to reflect the operations of the business and the new direction of the listed entity.

Change in officeholders

- On 9 February 2015, Mr Frank Pertile was appointed Non-Executive Director of the Company.
- On 7 May 2015, Dr Nigel Finch was appointed Non-Executive Director of the Company. Dr Finch was subsequently appointed Chairman of the Board on 28 May 2015.
- On 9 February 2015, Mr Peter Christie resigned as Non-Executive Director of the Company.
- On 9 February 2015, Mr Simon Jenkins resigned as Non-Executive Director of the Company.
- On 28 May 2015, Mr Matthew Morgan resigned as Non-Executive Director of the Company.
- On 17 March 2015, Ms Deborah Ho resigned as Secretary of the Company.
- On 27 February 2015, Mr Andrew Metcalfe was appointed as Secretary of the Company. Mr Metcalfe resigned as Secretary on 10 June 2015.
- On 10 June 2015, Ms Alyn Tai was appointed as Secretary of the Company.

Change of auditor

On 9 April 2015, Bentleys Audit and Corporate (WA) Pty Ltd provided notice to the Company under section 329(5) of the Corporations Act that it had made an application to ASIC for consent to resign as auditors of the Company, effective the date that consent to the resignation was granted by ASIC. ASIC consented to the resignation of Bentleys Audit and Corporate (WA) Pty Ltd as the Company's auditor, effective 30 April 2015.

Following receipt of RSM Bird Cameron Partners' consent to act as auditor, the Company appointed RSM Bird Cameron Partners as its auditor, effective 30 April 2015.

Matters Subsequent to the end of Financial Year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

(a) the group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the group's state of affairs in future financial years.

Likely developments and expected results of operations

The Company's 3D Medical Business is in its initial start-up stage and the Company continues to lay down the foundations for future growth. Accordingly, the Directors anticipate making further losses in the foreseeable future.

In line with the Company's strategy stated in the Prospectus, the Board intends to continue seeking and where appropriate pursuing opportunities for growth by way of acquisitions that complement the Company's 3D Medical Business.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Key Business Risks

The Group's operations are subject to a number of risks. The Board, which as a whole performs the function of an Audit and Risk Management Committee, regularly reviews the possible impact of these risks and seek to minimise this impact through a commitment to its corporate governance principles and its various risk management functions. A number of specific risk factors that may impact the future performance of the Group are described below. Shareholders should note that this list is not exhaustive, and .only include risks that could affect the Group's financial prospects, taking into account the nature and business of the Group and its business strategy.

(a) Commercialisation and new technology risk

The Company is in the business of 3D printing customised medical products based on data captured by diagnostic imagining tools, and commercialising the rights it owns in selected territories to a range of technologies. There is a risk that the Company will not be able to successfully sell its 3D printed products, or be unable to attract sufficient customers to be sufficiently profitable to fund future operations. In addition, commercial success of new technology is subject to inherent uncertainty due to unknown variables such as cost of materials and servicing.

(b) Competition and new technologies

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. Whilst the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of its business. For instance, new technologies could overtake the advancements made by 3D printed products. A significant industry-wide fall in hardware and consumables costs could also see the Company's services model come under considerable margin pressure. In both cases, the Company's revenues and profitability could be adversely affected.

(c) Risks associated with the regulatory environment

The Company's operations are subject to Australian laws and regulations, including the T*herapeutic Goods Act 1989 (Cth)*. Users, competitors, members of the general public or regulators could allege breaches of the legislation. This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine. Further, the Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact the Company's profitability. In addition, in the event that regulators consider that the Company has failed to comply with regulatory requirements, enforcement action including public warnings, infringement notices or the imposition of a pecuniary penalty could be taken against the Company. This could lead to significant reputational damage to the Company and consequent impact upon its revenue.

(d) Limited trading history

The Company's 3D Medical Business has a limited trading history. Further, the Company's efforts to this point have been significantly focused towards the acquisition of exclusive supply rights of 3D printed products and establishing the necessary resources to sell such products in the Australasian medical market. In addition, there is no guarantee that the Company will be able to successfully commercialise its 3D printed products and if it is unable to do so it will not be able to realise significant revenues in the future.

Risk Management

The Board takes a proactive approach to risk management. The Board, which as a whole performs the function of an Audit and Risk Management Committee, is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Information on Directors

Directors' qualifications, experience, and responsibilities

Dr Nigel Finch	Non-Executive Chairman, Age 46
Qualifications	M.Com, LL.M, MBA, Ph.D, CA, CTA, FCPA, F Fin, FTIA,
Experience	Dr Nigel Finch is an experienced advisor and Non-Executive Director. He is currently the Principal of Saki Partners, an advisory firm that assists private and public sector clients with strategy, financial performance and corporate transactions. He has held director and senior management roles focused on strategy execution and managing financial performance in both early-stage and mature firms across a variety of industries and has significant experience in economic development and institution building throughout Asian markets. Previously, he was Associate Dean at the University of Sydney Business School. His successful academic career was preceded by a 20-year career as a financial controller, investment manager and company director. Appointed as a Director on 7 May 2015. Appointed as Chairman on 28 May 2015.
Other current directorships	Skydive the Beach Group Limited (ASX.SKB).
Former directorships	Kneomedia Limited (ASX.KNM)
Special responsibilities	Chairman of the Board, Chairman Strategic Review Committee, Chairman Mergers & Acquisitions Committee
Mr. Stephen Hewitt- Dutton	Non-Executive Director, Age 45
Qualifications	CA, B.Bus., SA Fin
Experience	Stephen has over 20 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. Stephen has worked as a corporate finance executive for 10 years where he has assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years. Appointed as a Director on 5 October 2010
Other current directorships	Reclaim Industries Limited (ASX.RCM) and Flexiroam Limited (ASX.FRX)
Former directorships	None
Special Responsibilities	None
Mr. Frank Pertile	Non-Executive Director, Age 43
Qualifications	Grad Dip App Fin, F.FIN,
Experience	Mr Pertile is Managing Director of 333D Pty Ltd, a company focussed on the 3d printing technology space and currently executing a reverse merger with ASX listed OZ Brewing Ltd. Mr Frank Pertile is also a director and owner of a privately held investment company that holds investments across property, listed and unlisted companies. Mr Pertile previously held positions with ASX-listed wealth management companies in both client-facing and head office operational roles. Mr Pertile has undertaken studies in Applied Finance and is a Fellow of the Financial Services Institute of Australasia. Appointed as a Director on 9 February 2015
Other current directorships	None
Former directorships	None
Special responsibilities	None

Directors' report
For the year ended 30 June 2015

Mr. Mathew Morgan	Non-Executive Director, Age 41
Qualifications	MBA, B. Com., B. App Sc, Kauffman Fellow
Experience	Experienced advisor and non-executive director. Principal of Millers Point Company, an advisory firm that works with management and shareholders of emerging companies advising on strategy, commercialisation and corporate transactions. Prior to founding Millers Point he was a venture capitalist with QIC and an executive in the portfolio companies of various private equity investors. Appointed as a Director on 9 February 2015 Resigned as a Director on 28 May 2015
Other current directorships	Diversa Limited (ASX.DVA), Bluechip Limited (ASX.BCT), Leaf Resources Limited (ASX.LER)
Former directorships	None
Special responsibilities	Chairman of the Board (retired 9 February May 2015)

Mr. Peter Christie	Non-Executive Director, Age 53
Qualifications	B. Bus., Qualified accountant and tax agent
Experience	20 years experience and has developed extensive hospitality and property interests. Appointed as a Director on 6 October 2010 Resigned as a Director on 9 February 2015
Other current directorships	None
Former directorships	Carnavale Resources Limited (ASX.CAV), Narhex Life Sciences Limited (ASX.RAP)
Special responsibilities	Chairman of the Board (retired 9 February 2015)

Mr. Simon Jenkins	Non-Executive Director, Age 45
Qualifications	Bachelor of Laws, Recommended lawyer for mergers and acquisitions in the 2011 Doyle's Guide to the Australian Legal Profession.
Experience	Experienced in a broad range of corporate transactions including takeovers, mergers and capital raisings. Appointed as a Director on 20 May 2014 Resigned as a Director on 9 February 2015
Other current directorships	None
Former directorships	None
Special responsibilities	None

Company Secretary
Ms Alyn Tai

Qualifications	LL.B (Hons)
Experience	Ms Tai is a corporate and commercial lawyer, and practices at Corporate Counsel, a boutique corporate law firm with a focus on the provision of company secretarial, corporate governance and legal counsel services to entities listed on the Australian Securities Exchange. She holds a Bachelor of Laws from the University of Exeter, and was called to the Bar of England and Wales before being admitted to the Supreme Court of Victoria as an Australian lawyer. Ms Tai is a member of the Law Institute of Victoria and the Honourable Society of Inner Temple (UK).

Meetings of Directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2015, and the number of meetings attended by each Director was:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Dr N Finch	2	2
Mr F Pertile	5	5
Mr S Hewitt-Dutton	6	6
Mr M Morgan	4	4
Mr P Christie	1	0
Mr S Jenkins	1	1

Remuneration Report

The remuneration report details the key management personnel remuneration arrangements for 3D Medical Limited (the **Consolidated Entity**), in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the **Board**') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board, which as a whole performs the function of a Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for the Company's directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The Company's remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity. It takes into consideration:
Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

Non-executive directors' remuneration
Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Board, which performs the function of a Nomination and Remuneration Committee. The Board may, from time to time, seek advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with market standards. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The aggregate remuneration for all non-executive directors has been set at a maximum amount of $300,000 per annum under clause 21.1 of the Company's Constitution.

Executive remuneration
The Consolidated Entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits are reviewed annually by Board, which performs the function of the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

The short-term incentives (**STI**) program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators (**KPI's**) being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives (**LTI**) include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Consolidated Entity's direct competitors.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')

At the Company's 2014 AGM, 78% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

Directors and key management personnel disclosed in this report

Name	Position
Non-executive Directors	
P Christie	Director of 3D Medical Ltd until 9 February 2015
N Finch	Director of 3D Medical Ltd from 7 May 2015
S Hewitt-Dutton	Director of 3D Medical Ltd
S Jenkins	Director of 3D Medical Ltd until 9 February 2015
M Morgan	Director of 3D Medical Ltd from 9 February 2015 until 28 May 2015
F Pertile	Director of 3D Medical Ltd from 9 February 2015
Other key management personnel	
M Ghobrial	CEO (from 26 November 2014)

Emoluments of Directors, executive officers and other executives of the Consolidated Entity:

2015	**Short-term employee benefits**			**Post employment benefits**	**Long-term benefits**	**Share-based payments**	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave $**	**Equity Settled $**	**Total $**
Non-Executive Directors							
Mr P Christie	23,333	-	-	-	-	-	23,333
Dr N Finch	25,067	-	-	-	-	-	25,067
Mr S Hewitt-Dutton	36,000	-	-	-	-	-	36,000
Mr S Jenkins	21,964	-	-	-	-	-	21,964
Mr M Morgan	50,000	-	-	-	-	-	50,000
Mr F Pertile	10,179	-	-	-	-	-	10,179
Other key management personnel							
Mr M Ghobrial	96,934	-	-	9,200	-	-	106,134
Total	263,477	-	-	9,200	-	-	272,677

2014	**Short-term employee benefits**			**Post employment benefits**	**Long-term benefits**	**Share-based payments**	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave $**	**Equity Settled $**	**Total $**
Non-Executive Directors							
Mr P Christie	40,000	-	-	-	-	-	40,000
Mr S Hewitt-Dutton	36,000	-	-	-	-	-	36,000
Mr S Jenkins	6,000	-	-	-	-	-	6,000
Mr S Lill (i)	24,000	-	-	-	-	-	24,000
	-	-	-	-	-	-	-
Total	106,000	-	-	-	-	-	106,000

(i) Resigned 20 May 2014

Directors' report
For the year ended 30 June 2015

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At risk - STI		At risk - LTI	
Name	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Non-Executive Directors						
Mr P Christie	100%	100%	-	-	-	-
Dr N Finch	100%	-	-	-	-	-
Mr S Hewitt-Dutton	100%	100%	-	-	-	-
Mr S Jenkins	100%	100%	-	-	-	-
Mr S Lill (i)	-	100%	-	-	-	-
Mr M Morgan	100%	-	-	-	-	-
Mr F Pertile	100%	-	-	-	-	-
Other key management personnel						
Mr M Ghobrial	100%	-	-	-	-	-

(ii) Resigned 20 May 2014

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Non-Executive Directors

Name:	Mr F Pertile
Title:	Non-Executive Director
Term of agreement:	No termination date
Details:	Agreement commenced 10 February 2015, no termination date Consideration for service of $36,000 gross per annum
Name:	Mr S Hewitt-Dutton
Title:	Non-Executive Director
Term of agreement:	No termination date
Details:	Agreement commenced 6 October 2010 Consideration for service of $36,000 gross per annum
Name:	Dr N Finch
Title:	Chairman & Non-Executive Director
Term of agreement:	No termination date
Details:	Agreement commenced 7 May 2015 and appointed Chair on 28 May 2015, no termination date Consideration for service of $60,000 gross per annum Committee fees comprising $5,000 per month as Chair of the Strategic Review committee and $5,000 per month as a Chair of the Mergers and Acquisitions Committee

Other key management personnel

Name:	Mr M Ghobrial
Title:	CEO
Term of agreement:	No termination date
Details:	Agreement commenced 15 October 2014, no termination date Base salary of $150,000 per annum plus statutory superannuation Motor vehicle allowance of $5,000 per annum Sales commission comprising 1.5% of net sales received where sales have been generated by Max Ghobrial and a further 0.5% of net sales received where sales have been generated by other 3DM staff A bonus stock issue of 2,134,146 ordinary shares in 3DM with a vesting date 12 months after commencement Participation in the Company's Long Term Incentive Plan (LTIP) allowing up 100% of base salary by way of bonus with at least 50% of any bonus payable in shares of which ½ the shares will vest immediately and ½ the shares will vest 12 months from issue.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
During the year ended 30 June 2015 no shares were issued to directors and other key management personnel as part of compensation.

Options
During the year ended 30 June 2015 no options over ordinary shares were granted that would affect the remuneration of directors and other key management personnel in this financial year or future reporting years.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at start of year	**Additions**	**Disposals**	**Other (i)**	**Balance at end of year**
Ordinary shares					
Mr F Pertile (iii)	10,000,000	43,972,075	(2,500,000)	(9,000,000)	42,472,075
Mr S Hewitt-Dutton	2,000,000	1,000,000	-	(2,700,000)	300,000
Dr N Finch	-	3,102,317	(1,395,000)	-	1,707,317
Mr M Morgan (ii)	-	2,134,146	-	-	2,134,146
Mr P Christie (ii)	12,833,534	2,000,000	-	(13,350,181)	1,483,353
Mr S Jenkins (ii)	4,674,420	3,000,000	-	(6,906,978)	767,442

(i) Holding reduced by 1 for 10 share consolidation
(ii) Former director. Movements up until date of resignation
(iii) Director appointed 9 February 2015. Balance at start of year represents this Director's shareholding in Safety Medical Products Ltd

Option holding
The number of options over ordinary shares in the legal parent (3DM Limited) held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at start of year	Issued	Exercised	Expired / forfeited / other	Balance at end of year
Unlisted options exercisable at \$0.05 each, expiring 6 August 2016 and escrowed until 18 February 2017					
Mr F Pertile	-	17,078,347	-	-	17,078,347
Mr M Morgan (i)	-	889,574	-	-	889,574
Unlisted options exercisable at \$0.05 each, expiring 6 February 2017 and escrowed until 18 February 2017					
Mr F Pertile	-	10,181,298	-	-	10,181,298
Mr M Morgan (i)	-	530,322	-	-	530,322
Unlisted options exercisable at \$0.05 each, expiring 6 August 2016					
Dr N Finch	-	711,659	-	-	711,659
Unlisted options exercisable at \$0.05 each, expiring 6 February 2017					
Dr N Finch	-	424,257	-	-	424,257

(i) Former director. Movements up until date of resignation

Other transactions with key management personnel and their related parties

There are no material contracts involving Directors' interests at the end of the financial year nor have any been entered into since the end of the previous financial year not otherwise disclosed in this report.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of 3D Medical Limited under option at the date of this report are as follows:

Options to acquire ordinary shares

Unrestricted and unquoted on ASX	**81,785,987**
▪ Exercisable at \$0.05 on or before 6 August 2016	51,239,454
▪ Exercisable at \$0.05 on or before 6 February 2017	30,546,533
Restricted until 18 February 2017 and unquoted on ASX	**34,645,460**
▪ Exercisable at \$0.05 on or before 6 August 2016	21,705,606
▪ Exercisable at \$0.05 on or before 6 February 2017	12,939,854
Total Options on Issue	**116,431,447**

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.

Shares issued on the exercise of options
No ordinary shares of 3D Medical Limited were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of options granted.

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

During the financial year, 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. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of company

No person has applied for leave of the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company or 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 any part of those proceedings.

Auditor

RSM Bird Cameron Partners was appointed as the Company's auditor on 30 April 2015 and will continue in office in accordance with section 327 of the Corporations Act 2001.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 page 20.

Directors' report

For the year ended 30 June 2015

This report is made in accordance with a resolution of the Company's Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:

Dr Nigel Finch
Chairman

29 September 2015

RSM Bird Cameron Partners

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of 3D Medical Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Miano

R B MIANO
Partner

Dated: 29 September 2015
Melbourne, Victoria

Corporate Governance Statement

For the year ended 30 June 2015

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('**Recommendations'**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.3dmedical.com.au), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on its website (www.3dmedical.com.au).

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For the year ended 30 June 2015

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General information

These financial statements cover 3D Medical Limited as a consolidated entity consisting of 3D Medical Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is 3D Medical Limited's functional and presentation currency.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

3D Medical Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from continuing operations			
Revenue	3	**167,081**	3,220
Cost of sales		**(133,889)**	-
Gross profit		**33,192**	3,220
Operating costs	4	**(1,046,996)**	(106,101)
Corporate costs	4	**(5,523,882)**	(198,664)
Finance costs	4	**(887)**	(727)
Selling and distribution		**(9,425)**	-
Employee and consultants costs (incl. directors fees and remuneration)		**(361,811)**	-
Profit/(loss) before tax		**(6,909,809)**	(302,272)
Income tax expense	6	**-**	-
Profit/(loss) from continuing operations		**(6,909,809)**	(302,272)
Loss for the year		**(6,909,809)**	(302,272)
Other Comprehensive Income			
Items that may be reclassified to Profit or Loss		-	-
Other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(6,909,809)**	(302,272)
Loss for the period attributable to:			
Owners of the parent		**(6,909,809)**	(302,272)
		(6,909,809)	(302,272)
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(6,909,809)**	(302,272)
		(6,909,809)	(302,272)
Loss per share			
Basic (cents per share)	18	**(3.6)**	(0.5)
Diluted (cents per share)	18	**(3.0)**	(0.5)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**2,751,420**	566,836
Trade and other receivables	8	**414,975**	7,469
Total current assets		**3,166,395**	574,305
Non-current assets			
Other receivables	9	**-**	50,000
Plant and equipment	10	**522,563**	-
Total non-current assets		**522,563**	50,000
TOTAL ASSETS		**3,688,958**	624,305
LIABILITIES			
Current liabilities			
Trade and other payables	12	**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	13	**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

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	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**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $
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	7(b)	**(1,766,953)**	(249,020)
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		**(475,012)**	-
Cash flows from financing activities			
Proceeds from borrowings		**-**	-
Repayment of borrowings		**-**	-
Proceeds from issues of securities		**4,729,207**	820,000
Other - share issue costs		**(302,658)**	(30,750)
Net cash provided by / (used in) financing activities		**4,426,549**	789,250
Net increase / (decrease) in cash and cash equivalents		**2,184,584**	540,230
Cash and cash equivalents at the beginning of the financial year		**566,836**	26,606
Cash and cash equivalents at the end of the financial period	7(a)	**2,751,420**	566,836

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2015

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Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of 3D Medical Limited and its subsidiaries.

(a) 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 and the Corporations Act 2001. 3D Medical Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources, and assessing performance of the operating segments has, been identified as the board of directors.

Note 1 Summary of Significant Accounting Policies (continued)

(d) Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

3D Medical recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

(i) Revenue from the sale of goods
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

(ii) Interest revenue
Interest revenue is recognised using the effective interest rate method which, for floating rate financial assets, is the rate inherent in the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Revenue from the provision of services
Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Note 1 Summary of Significant Accounting Policies (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

From 6 Feb 2015, 3D Medical Limited and its wholly owned Australian subsidiary, ThreeD Medical Limited have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own deferred tax assets and liabilities. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. Each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income.

(g) Leases

Leases of plant and equipment where the Group as lessee has substantially all the risks and benefits of ownership are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Assets acquired under finance leases are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, are charged as expenses in the periods in which they are incurred.

Note 1 Summary of Significant Accounting Policies (continued)

(h) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Profit or Loss and Other Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable.

Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a Liability is remeasured each reporting period to fair value through the Statement of Profit or Loss and Other Comprehensive Income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Statement of Profit or Loss and Other Comprehensive Income.

(i) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Note 1 Summary of Significant Accounting Policies (continued)

(j) 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

(k) Trade receivables

Trade receivables are recognised when the risks and rewards of ownership or provision of services of the underlying sales transactions have passed to customers. This event usually occurs on delivery of product or provision of services to customers. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement 30 days after the end of the month in which the invoice was raised. The collection of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for doubtful debts is raised when the directors consider it is probable that the debt is impaired and that it will not be collected.

(l) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are comprised of direct material and direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

3D Medical Limited classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Note 1 Summary of Significant Accounting Policies (continued)

(ii) Reclassification
The Company may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company’s right to receive payments is established. Interest income from these financial assets is included in the net gains / (losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Note 1 Summary of Significant Accounting Policies (continued)

(v) Impairment
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(o) Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is 3D Medical's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

The cost of fixed assets constructed within 3D Medical includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Note 1 Summary of Significant Accounting Policies (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates/useful life for each class of depreciable assets:

Class of Fixed Assets	Depreciation Rate
Land	Not depreciated
Buildings	10%-50% or 2 to10 years
Plant and Equipment	10%-50% or 2 to 10 years
Motor Vehicles	30% or 3 years
Information Technology	30% or 3 years
Furniture & Fittings	20% -30% or 3 to 5 years

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

(p) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when 3D Medical has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Note 1 Summary of Significant Accounting Policies (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless 3D Medical has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Note 1 Summary of Significant Accounting Policies (continued)

(u) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as non-current in the balance sheet. Non-current long service leave and annual leave are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iii) Retirement benefit obligations
3D Medical does not have any retirement benefit obligations as it does not have a defined benefit plan.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the employee share plan.

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The employee share plan is administered by a trustee acting for a trust. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Shares issued by the Company to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Note 1 Summary of Significant Accounting Policies (continued)

The fair value of deferred shares granted to employees for nil consideration under a short-term incentive scheme are recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

The fair value at grant date is independently determined using a Black-Scholes 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.

(v) Profit-sharing and bonus plans
The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the owners of 3D Medical.

(w) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 1 Summary of Significant Accounting Policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the year.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

(y) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

The Group did not measure any of its assets and liabilities at fair value on either a recurring or non-recurring basis during the financial year.

(z) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(aa) New, revised or amending Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Note 2 Critical accounting estimates, judgements 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 that 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:

(i) Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions 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.

(ii) Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

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

(iv) Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(v) *Employee benefits provision*
As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(vi) *Business combinations*
As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Revenue

	2015 $	2014 $
Trading Revenue		
Sale of Goods	**143,878**	-
	143,878	-
Other income		
Interest	**23,203**	3,220
Total Other Income	**23,203**	3,220
Total Revenue	**167,081**	3,220

Note 4. Expenses

	2015 $	2014 $
Loss before income tax expense includes the following specific expenses:		
Intangible impairment costs	**4,824,359**	-
Consultant & corporate advisory cost	**610,000**	-
Acquisition costs	**595,361**	-
Employee benefits expense	**193,696**	-
Directors fees	**168,114**	106,000
Depreciation	**7,624**	-
Finance costs	**887**	727

Note 5. Auditors' remuneration

	2015 $	2014 $
During the financial year the following fees were paid or payable for services provided by RSM Bird Cameron Partners, the auditor of the company, and unrelated firms:		
Audit services - RSM Bird Cameron Partners		
Audit or review of the financial statements	**25,000**	-
Other services - RSM Bird Cameron Partners		
Other consulting services	**15,000**	-
	40,000	-
Audit services - unrelated firms		
Audit or review of the financial statements	**1,500**	18,300
Other services - unrelated firms		
Preparation of the tax return		2,000
Other consulting services	**650**	
	2,150	20,300

Note 6. Income tax

	2015	2014
	$	$
(a) Income tax expense / (benefit)		
Current tax	**-**	-
Deferred tax	**-**	-
Adjustments for current tax of prior periods	**-**	-
	-	-
(b) Deferred income tax (revenue) / expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	**-**	-
(Decrease) / increase in deferred tax liability	**-**	-
	-	-
(c) The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows;		
Loss before income tax	**(6,909,809)**	(302,272)
Prima facie income tax payable on loss before income tax at 30%	**(2,072,943)**	(90,682)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- impairment expenses	**1,447,308**	-
- other adjustments	**-**	20,825
- overprovision of income tax in prior year	**-**	-
- tax losses not recognised	**625,635**	69,857
Income tax expense / (benefit) attributable to profit	**-**	-

Deferred tax assets not recognised on accumulated tax losses since 6 February 2015 (acquisition date) amounted to $184,431.

The amount of deferred tax assets which may be realised in the future is dependant on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Note 7. Statement of cash flows

	2015	2014
	$	$
(a) Cash at bank and on hand	**2,751,420**	566,836

(b) Reconciliation of operating profit (loss) after income tax to net cash used in 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	**298,775**	(371,969)
Increase/(decrease) in current tax provision	**-**	-
Increase/(decrease) in deferred tax asset	**-**	-
Net cash outflows from operating activities	**(1,766,953)**	(249,020)

Note 8. Trade & other receivables

	2015	2014
	$	$
Current		
Trade receivables	**52,768**	7,469
GST receivable	**51,169**	-
Other receivables	**67,059**	-
Prepayments	**243,979**	-
	414,975	7,469

(a) Impaired trade receivables
As at 30 June 2015 current trade receivables of the Group with a nominal value of $nil (2014: $nil) were impaired:

	2015	2014
	$	$
The ageing of these receivables is as follows:		
Up to 3 months	**-**	-
4 to 6 months	**-**	-
Over 6 months	**-**	-
	-	-

	2015	2014
	$	$
Movements in the provision for impairment of receivables are as follows:		
At 1 July	**-**	-
Change for the year	**-**	-
Amounts written off as uncollectable	**-**	-
As at 30 June	**-**	-

(b) Past due but not impaired
As at 30 June 2015, trade receivables of $6,639 (2014: $nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	$	$
Up to 3 months	**6,639**	-
3 to 6 months	**-**	-
	6,639	-

(c) Other receivables
These amounts generally arise from transactions outside the usual operating activities of the group.

(d) Prepayments

3D Medical Limited entered into a US$250,000 licensing agreement with EchoPixel Inc. Whereby EchoPixel will sell, on an exclusive basis the t3D-Viewer products to 3D Medical Limited and otherwise support 3D Medical in the marketing of these products.

(e) Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2015

Note 9. Other receivables

	2015	2014
	$	$
Non Current		
Deferred acquisition costs	-	50,000
	-	50,000

Note 10. Plant and equipment

	2015	2014
	$	$
Non Current Assets		
Plant & Equipment	398,547	-
Less accumulated depreciation	-	-
Office equipment	97,699	-
Less accumulated depreciation	(7,624)	-
Leasehold improvements	33,941	-
Less accumulated depreciation	-	-
Total Plant and Equipment	522,563	-
Movement in carrying amount during the year:		
Beginning of year WDV	-	-
Additions at cost	530,187	-
Acquisition through business combinations	-	-
Disposals	-	-
Depreciation	(7,624)	-
End of year WDV	522,563	-

Note 11. Intangible assets

	2015	2014
	$	$
Goodwill	4,824,359	-
Less impairment	(4,824,359)	-
	-	-

Goodwill calculation	
Assets and liabilities acquired at 6 February 2015	
Cash and cash equivalents	33,175
Receivables and prepayments	391,603
Trade and other payables	(207,695)
Net assets acquired	217,083
Consideration in shares	
175,000,000 at an issue price of $0.02 / share	3,500,000
Consideration in options	
116,432,447 options at fair value	1,541,442
Net assets acquired	(217,083)
Goodwill	4,824,359

Impairment Testing

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:

(a) 11% (2014: nil) pre-tax discount rate;
(b) 10% (2014: nil) per annum projected revenue growth rate;
(c) 3% (2014: nil) per annum increase in operating costs and overheads.

The discount rate of 11% pre-tax reflects management's estimate of the time value of money, the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Based on the above, an impairment charge of $4,824,359 has been applied as the carrying amount of goodwill exceeded its recoverable amount.

Movement in carrying amount during the year:		
Balance at beginning of year	**-**	-
Additions through business combinations	**4,824,359**	-
Disposals	**-**	-
Impairment of assets	**(4,824,359)**	-
Balance at end of year	**-**	-

Note 12. Trade and other payables

	2015	2014
	$	$
Current		
Trade creditors	**493,574**	85,799
Other creditors	**73,038**	-
Accrued expenses	**11,397**	-
Employee entitlements	**14,261**	-
	592,270	85,799

Refer to Note 14 for further information on financial instruments.

Note 13. Contributed equity

	2015 $	2014 $
Fully paid ordinary shares	**11,078,442**	3,151,893

(a) Ordinary shares

The Company has unlimited authorised capital with no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in ordinary share capital in the Company over the past two years were as follows:

Date		Number of Shares	$
1-Jul-13	**Opening balance**	**396,455,466**	**2,779,628**
11-Sep-13	Debt to equity issue at issue price of $0.002 per share	50,000,000	**100,000**
1-Dec-13	Debt to equity issue at issue price of $0.005 per share	49,412,608	**247,063**
3-Jan-14	Sophisticated placement at issue price of $0.002 per share	74,000,000	**148,000**
21-Feb-14	Sophisticated placement at issue price of $0.002 per share	176,000,000	**352,000**
30-Jun-14	Sophisticated placement at issue price of $0.002 per share	110,000,000	**220,000**
	Capital raising costs		**(30,751)**
	Reduction of capital		**(664,047)**
30-Jun-14	**Balance**	**855,868,074**	**3,151,893**
8-Aug-14	Share purchase plan at issue price of $ 0.002 per share	220,000,000	**440,000**
24-Dec-14	Share consolidation on a 1:10 basis	(968,281,473)	
6-Feb-15	Issue of shares to 3D Medical (ThreeD Ltd) vendors at issue price of $0.02 per share	175,000,000	**3,500,000**
6-Feb-15	Issue of shares under public offer at issue price of $0.05 per share	81,772,000	**4,088,600**
6-Feb-15	Issue of 8,750,000 shares in lieu of fees to facilitators at issue price of $0.02 per share	8,750,000	**175,000**
25-Jun-15	Issue of shares in lieu of fees for services provided by a consultant to the company at an issue price of $0.009 per share	2,845,224	**25,607**
	Capital raising costs		**(302,658)**
30-Jun-15	**Closing balance**	**375,953,825**	**11,078,442**

Note 13. Contributed equity (continued)

(b) Capital management
When managing capital, the directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders. The directors also aim to maintain a capital structure that ensures the lowest cost of capital available to the Company. The directors are constantly monitoring the Company's capital requirements and capital structure to take advantage of favourable opportunities for raising capital. The directors have no current plans to issue further shares or options on the market

As the consolidated group does not currently have any debt there is no need to monitor capital via any gearing ratio.

The Group is not subject to any externally imposed capital requirements

(c) Options outstanding as at 30 June 2015
Options do not entitle the holders to voting rights, to participate in dividends or the proceeds on winding up of the Company. Each option entitles the holder to one ordinary share upon exercise of that option upon payment of the relevant exercise price prior to the date of expiry of the option.

The following options to purchase fully paid ordinary shares in the Company were outstanding at balance date.

Grant Date	Expiry Date	Exercise Price	Opening balance 01/07/14	Number Granted	Number Exercised	Number Expired	Closing balance 30/06/15
6-Feb-15	6-Aug-15 (i)	$0.05	-	51,239,454	-	-	51,239,454
6-Feb-15	6-Aug-15 (ii)	$0.05	-	21,705,606	-	-	21,705,606
6-Feb-15	6-Feb-17 (i)	$0.05	-	30,546,533	-	-	30,546,533
6-Feb-15	6-Feb-17 (ii)	$0.05	-	12,939,854	-	-	12,939,854
Total Unlisted Options			**-**	**116,431,447**	**-**	**-**	**116,431,447**
Weighted average exercise price			$0.00	$0.05	$0.00	$0.00	$0.05

Notes
(i) Unrestricted
(ii) Restricted until 18 February 2017

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected Volatility	Dividend yeild	Risk-free interest	Fair value at grant date
6-Feb-15	6-Aug-16	$0.05	$0.05	50%	0.00%	2.02%	$0.0125
6-Feb-15	6-Feb-17	$0.05	$0.05	50%	0.00%	2.02%	$0.0144

Note 14. Financial risk management

The Group's activities expose it to a variety of financial risk: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

(a) Foreign currency risk

The Group is not currently exposed to any significant foreign currency risk.

(b) Interest rate risk

The Group is not currently exposed to any significant interest rate risk.

(d) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "AA-" are accepted. For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

The Group has no significant exposure to any individual debtor of the Group and the credit risk is low for the majority of the balance. Receivables balances are monitored on an ongoing basis and given the low risk profile of customers the Group’s exposure to bad debts is insignificant. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments.

	2015	2014
	$	$
Cash and cash equivilants		
AA- rated and better	**2,751,420**	566,836
	2,751,420	566,836

(d) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through maintaining the ability to raise additional capital if needed together with an adequate amount of committed credit facilities. Forecasted cash flows are used to calculate the forecasted liquidity position and to maintain suitable liquidity levels.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted cashflows.

Note 14. Financial risk management (continued)

Contractual maturities of financial liabilities	Weighted Avg Interest rate	1 year or less $	Between 1 and 2 years $	Between 2 and 5 year $	Over 5 years $	Remaining contractual maturities
2015						
Non-derivatives						
Non-interest bearing	-%	592,270	-	-	-	592,270
Variable rate		-	-	-		-
Fixed rate		-	-	-	-	-
Total		**592,270**	**-**	**-**	**-**	**592,270**
2014						
Non-derivatives						
Non-interest bearing	-%	85,799	-	-	-	85,799
Variable rate		-	-	-		-
Fixed rate		-	-	-	-	-
Total		**85,799**	**-**	**-**	**-**	**85,799**

(e) Fair values of financial assets and laiblities

Carrying amounts of financial assets and liablities approximate their fair value as at the reporting date.

Note 15. Segment Information

The group is organized in to one operating segment, the 3D printing of customised medical products based on data captured by diagnostic imagining tools . During the 2015 financial year, this business activity represented all of the Group’s business . The Group predominantly operated in Australia. The directors have determined that there are no operating segments identified for the year which are considered separately reportable, and accordingly the information reported to the Board of Directors (being the Chief Operating Decision Makers (“CODM”)), is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

Note 16. Related party transactions

Parent entity
3D Medical Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 and the remuneration report in the directors' report.

Other transactions
Included in Sales is an amount of $60,000 (2014: $Nil) which represented sales to Capitol Health Limited, a shareholder in the company. These sales were on normal commercial terms.

Note 17. Key Management Personnel disclosures

(a) Details of Key Management Personnel

Details of the Key Management Personnel remuneration and services agreements are provided in the Remuneration Report section of the Director's Report.

The following table discloses the aggregate remuneration of the Key Management Personnel of the Group. Details by director and executive are shown in the Remuneration Report section of the Director's Report.

	2015	2014
	$	$
Short term employee benefits	**263,477**	106,000
Post employment benefits	**9,200**	-
Others - long term benefits	**-**	-
Share-based payments	**-**	-
	272,677	106,000

(b) Equity holdings of Key Management Personnel

(i) Share holdings
Details of the Key Management Personnel holdings of ordinary shares in the Company, including their personally related parties, are shown in the following tables:

2015	Balance at start of year	Additions	Disposals	Other (i)	Balance at end of year
Ordinary shares					
Mr F Pertile	10,000,000	43,972,075	(2,500,000)	(9,000,000)	42,472,075
Mr S Hewitt-Dutton	2,000,000	1,000,000	-	(2,700,000)	300,000
Mr N Finch	-	3,102,317	(1,395,000)	-	1,707,317
Mr M Morgan (ii)	-	2,134,146	-	-	2,134,146
Mr P Christie (ii)	12,833,534	2,000,000	-	(13,350,181)	1,483,353
Mr S Jenkins (ii)	4,674,420	3,000,000	-	(6,906,978)	767,442

2014	Balance at start of year	Additions	Disposals	Other (i)	Balance at end of year
Ordinary shares					
Mr F Pertile	-	10,000,000	-	-	10,000,000
Mr S Hewitt-Dutton	-	2,000,000	-	-	2,000,000
Mr P Christie (ii)	5,500,000	-	-	7,333,534	12,833,534
Mr S Jenkins (ii)	-	-	-	4,674,420	4,674,420

(i) Holding reduced by 1 for 10 share consolidation
(ii) Former director. Movements up until date of resignation

(ii) Option holdings

Details of the key management personnel holdings of options to acquire ordinary shares in the Company, including their personally related parties, are shown in the following table:

Directors	**Balance 1 July 2014**	**Options granted**	**disposed / expired**	**Options excercised**	**Balance 30 June 2015**
N Finch	-	1,135,916	-	-	1,135,916
F Pertile	-	27,259,645	-	-	27,259,645
Mr M Morgan (ii)	-	1,419,896	-	-	1,419,896
(ii) Former director. Movements up until date of resignation				-	

Note 18. Earnings per share

	2015 Cents	2014 Cents
(a) Basic (loss) / Earnings per share (cents per share)	**(3.6)**	(0.5)
(b) Diluted (loss) / Earnings per share (cents per share)	**(3.0)**	(0.5)
(c) Reconciliation of earnings used in calculating		
Profit / (Loss) used in calculating basic earnings per share	**(6,909,809)**	(302,272)
Profit / (Loss) used in calculating diluted earnings per share	**(6,909,809)**	(302,272)

(d) Weighted average number of shares used as the denominator

	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**192,428,473**	55,995,074
Adjustments for calculation of diluted earnings per share		
Options	**38,810,482**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**231,238,955**	55,995,074

(e) Information concerning the classification of securities

Options

All options on issue are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

Note 19. Parent entity disclosures

	2015	2014
	$	$
(a) Financial Information		
Loss for the year	**(6,909,809)**	(302,272)
Total comprehensive income	**(6,909,809)**	(302,272)
Current Assets	**3,166,395**	574,305
Total Assets	**3,688,958**	624,305
Current Liabilties	**592,270**	85,799
Total Liabilties	**592,270**	85,799
Shareholders Equity		
Issued capital	**11,078,442**	3,151,893
Reserves	**1,541,442**	-
Retained earnings	**(9,523,196)**	(2,613,387)
Total Equity	**3,096,688**	538,506

The financial information for the parent entity 3D Medical L:imited is the same as the financial information for the Group.

b) Guarantees
The parent entity has not given any secured or unsecured guarantees.

c) Other Commitments
The parent entity has no commitments.

d) Contingent Liabilities
The parent entity did not have any contingent liabilities as at 30 June 2015.

Note 20. Business combinations

ThreeD Medical Limited

On 6 February 2015 3D Medical Limited acquired all the issued share capital of ThreeD Medical Limited a business specialising in the 3D printing of customised medical products based on data captured by diagnostic imagining tools.The consideration for the purchase of ThreeD Medical Limited was comprised of the issue of 175,000,000 3DM fully paid ordinary shares at $0.02 each and 116,431,447 options.

Purchase consideration

	$
Ordinary shares in 3D Medical Limited	
(175,000,000 @ $0.02 / share)	**3,500,000**
Options (i)	
116,431,447 at fair value	**1,541,442**
	5,041,442

(i) For details of fair value of options refer Note 13(c).

Fair value and carrying value of net assets acquired

	$
Net working capital	**217,083**
Goodwill on consolidation	**4,824,359**
	5,041,442

Reconciliation to cashflow

	$
Total consideration	**5,041,442**
Equity funding	**(5,041,442)**
Net outflow of cash	**-**

Note 21. Interests in subsidiaries

	Ownership 30 June 2015	Ownership 30 June 2014
Subsidiaries		
ThreeD Medical Limited	**100%**	0%

All entities are incorporated in Australia.

Note 22. Contingent liabilities and assets

As at the 30 June 2015 the Group has no known contingent liabilities or assets.

Note 23. Subsequent events

No other matters or circumstances have arisen since the year ended 30 June 2015 that significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 24. Commitments

Lease Commitments

The group leases various offices under non-cancellable operating leases expiring within two to five years. The leases have various terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

	2015 $	2014 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**106,875**	-
Later than one year but not later than five years	**299,147**	-
	406,022	-

Directors' Declaration

For the year ended 30 June 2015

In the directors' opinion:

a) the financial statements and notes set out on pages 23 to 56 are in accordance with the *Corporations Act 2001*, including;

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional requirements; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that 3D Medical Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with the resolution of the directors.

Dr Nigel Finch
Chairman
29 September 2015

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
3D MEDICAL LIMITED

Report on the Financial Report

We have audited the accompanying financial report of 3D Medical Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM Bird Cameron Partners

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of 3D Medical Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of 3D Medical Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the financial year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of 3D Medical Limited for the financial year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

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R B MIANO
Partner

Dated: 29 September 2015
Melbourne, Victoria

Shareholder Information

For the year ended 30 June 2015

The information set out below is current as at 12 August 2015 (**Relevant Date**).

DISTRIBUTION OF EQUITY SECURITIES

Ordinary shares

An analysis of the number of shareholders in the Company by the size of their holdings is as follows:

Range	Ordinary shares	%	No. of holders	%
100,001 and Over	319,868,066	85.08	457	14.62
10,001 to 100,000	52,596,645	13.99	1,077	34.44
5,001 to 10,000	2,391,224	0.64	295	9.43
1,001 to 5,000	820,185	0.22	262	8.38
1 to 1,000	277,705	0.07	1,036	33.13
Total	**375,953,825**	**100**	**3,127**	**100**

The number of shareholders holding less than a marketable parcel of shares as at the Relevant Date (being 5,814 3DM shares at $0.086) was 1,329.

Options

The Company has two classes of unquoted options on issue in the Company as follows:

- 72,945,060 options exercisable at $0.05 on or before 6 August 2016 (**OP1**)
- 43,486,387 options exercisable at $0.05 on or before 6 February 2017 (**OP2**)

An analysis of the number of option holders of each of the OP1 and OP2 classes of options by the size of their holdings is as follows:

Range	OP1	%	No. of holders	%
100,001 and Over	72,945,056	100.00	37	97.37
10,001 to 100,000	0	0.00	0	0.00
5,001 to 10,000	0	0.00	0	0.00
1,001 to 5,000	0	0.00	0	0.00
1 to 1,000	4	0.00	1	2.63
Total	**72,945,060**	**100.00**	**38**	**100.00**
Unmarketable Parcels	N/A	N/A	N/A	N/A

Range	OP2	%	No. of holders	%
100,001 and Over	43,486,385	100.00	37	97.37
10,001 to 100,000	0	0.00	0	0.00
5,001 to 10,000	0	0.00	0	0.00
1,001 to 5,000	0	0.00	0	0.00
1 to 1,000	2	0.00	1	2.63
Total	**43,486,387**	**100.00**	**38**	**100.00**
Unmarketable Parcels	N/A	N/A	N/A	N/A

Shareholder Information

For the year ended 30 June 2015

EQUITY SECURITY HOLDERS

***Twenty largest quoted equity security holders*:**

The names of the twenty largest security holders of quoted equity securities (being ordinary shares) as at the Relevant Date are listed below:

Ordinary shares

Rank	Name	No. of shares	%
1	Perco Group Pty Ltd, Fsp	40,972,066	10.90
2	Ty Webb Pty Ltd <Ty Webb A/C>	38,414,633	10.22
3	Capitol Health Limited	21,341,462	5.68
4	Mrs Sally Anne Kucera	12,151,219	3.23
5	Nick Conidi Pty Ltd <Conidi Family A/C>	6,502,439	1.73
6	Idinoc Pty Ltd, J&R Conidi Family	5,476,988	1.46
7	Hsbc Custody Nominees (Australia) Limited-Gsco Eca	4,475,000	1.19
8	Mr Kyriakos Poutakidis	4,375,000	1.16
9	Clemenza Pty Ltd	3,414,634	0.91
10	Australian Executor Trustees Limited <No 1 Account>	3,265,500	0.87
11	Mark Cashmore Wines Pty Limited	3,000,000	0.80
12	Katia Pty Ltd	2,845,224	0.76
13	Halcyon One Pty Ltd	2,776,315	0.74
14	Mr Mena Abdelmessih	2,520,248	0.67
15	Sagrada Familia Holdings Pty Ltd	2,462,805	0.66
16	Susan & M.E. Pty Ltd	2,230,895	0.59
17	Hsbc Custody Nominees (Australia) Limited - A/C 2	2,158,963	0.57
18	Super Impose Investments Pty Ltd <Swooper Investment A/C>	2,057,317	0.55
19	Poutakidis Super Fund Pty Ltd	1,884,146	0.50
20	Mr George Batsakis	1,855,000	0.49
	Total	**164,179,854**	**43.67**
	Balance of register	**211,773,971**	**56.33**
	Grand total	**375,953,825**	**100.00**

UNQUOTED EQUITY SECURITIES

The numbers of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of unquoted equity securities	Short name	No. of securities	No. of holders
Exercisable at $0.05 on or before 6 August 2016	OP1	72,945,060	38
Exercisable at $0.05 on or before 6 February 2017	OP2	43,486,387	38
TOTAL OPTIONS ON ISSUE		**116,431,447**	

As at the Relevant Date, the following persons held 20% or more of the equity securities in any unquoted class (being OP1 and OP2) that were not issued or acquired under an employee incentive scheme:

- Perco Group Pty Ltd holds 17,078,343 OP1 options, which is 23.41 % of all OP1 options on issue.
- Perco Group Pty Ltd holds 10,181,298 OP2 options, which is 23.41% of all OP2 options on issue.
- Ty Webb Pty Ltd holds 16,012,329 OP1 options, which is 21.95% % of all OP1 options on issue.
- Ty Webb Pty Ltd holds 9,545,793 OP2 options, which is 21.95% of all OP2 options on issue.

Shareholder Information

For the year ended 30 June 2015

SUBSTANTIAL SHAREHOLDERS

Based on substantial holding notices provided to the Company, the substantial holders in the Company as at the Relevant Date were:

Substantial holders	Number of shares held	% of total issued share capital
Michael Catanzariti & Ty Webb Pty Ltd	44,482,035	11.83%
Frank Pertile & Perco Group Pty Ltd	42,472,075	11.30%
Capitol Health Limited	21,341,462	5.68%

VOTING RIGHTS

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds.

ESCROW

Securities subject to ASX escrow

There are 58,748,168 ordinary shares in the Company which are subject to ASX imposed escrow until 18 February 2015. These shares are not quoted on the ASX.

There are a total of 34,645,460 options on issue in the Company which are subject to ASX imposed escrow until 18 February 2015, which are not quoted on the ASX, as follows:

- 21,705,606 OP1 options (Exercisable at $0.05 on or before 6 August 2016)
- 12,939,854 OP2 options (Exercisable at $0.05 on or before 6 February 2017)

Securities subject to voluntary escrow

There are 2,845,224 ordinary shares in the Company held in voluntary escrow until 25 June 2016. These shares are quoted on the ASX.

STOCK EXCHANGE LISTING

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX: 3DM).

ON-MARKET BUYBACK

The Company is not currently conducting an on-market buy-back.

ITEM 7 ISSUES OF SECURITIES

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

POST-REINSTATEMENT TO QUOTATION USE OF CASH AND ASSETS

The Company's shares were reinstated to official quotation on the Australian Securities Exchange on 18 February 2015 (**Re-quotation**). Between the date of Re-quotation and 30 June 2015, the Company has used the cash and assets in a form readily convertible to cash that it had as at the Re-quotation Date in a way consistent with its business objectives.