Global Diagnostics (Australia) Pty Ltd

ABN 51 077 474 518

Financial Report for the Year Ended 30 June 2014

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2014.

Directors

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

Mr M Cox	Non-executive director
Mr T Haggett	Non-executive director
Mr C Bremner	Executive director appointed 4 April 2014
Mr D Barrie	Executive director appointed 4 April 2014
Mr J Livingston	Executive director appointed 4 April 2014
Mr D Sheehan	Executive director appointed 4 April 2014
Mr R Power	Non-executive director resigned 4 April 2014
Mr S Down	Non-executive director resigned 4 April 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to $709,346

A review of the operations of the company during the financial year and the results of those operations show changes in market demand and competition which have seen an increase in sales of 4.57% to $28,773,137. The increase in sales has contributed to an increase in the company's operating profit before tax and before an associated loan write-off of $397,610.

Significant Changes in the State of Affairs

Lake Imaging Holdings Pty Ltd acquired 60% shareholding in Global Diagnostics (Australia) Pty Ltd effective 9 April 2014.

Principal Activities

The principal activities of the company during the financial year were healthcare diagnostic services.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIRECTORS' REPORT

Dividends

Dividends paid or declared since the start of the financial year are as follows:

a. There were no dividends paid during the year.

b. There were no dividends or distributions recommended or declared for the payment to members during the year that have not been paid or credited to the member throughout the year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court 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.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 25.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director Mr C Bremner

Date: Wednesday, 17 December 2014

Global Diagnostics (Australia) Pty Ltd

ABN 51 077 474 518

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	$
Revenue		28,773,137	27,514,492
Cost of sales		(19,260,713)	(17,866,596)
Gross profit		9,512,424	9,647,896
Other revenue		143,879	163,553
Associated Loans Written Off		(397,610)	-
Administration expenses		(4,110,143)	(4,496,524)
Finance costs		(277,549)	(374,754)
Property, Maintenance and Depreciation Costs		(4,185,424)	(4,346,032)
Other expenses		(1,497,444)	(855,891)
Loss before income tax		(811,867)	(261,752)
Income tax expense	3	102,521	191,844
Profit for the year		(709,346)	(69,908)
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(709,346)	(69,908)

The accompanying notes form part of these financial statements.

Global Diagnostics (Australia) Pty Ltd

ABN 51 077 474 518

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014	2013
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	347,676	88,651
Trade and other receivables	6	1,850,483	2,119,364
Inventories	7	82,022	86,478
Other current assets	8	384,308	202,242
TOTAL CURRENT ASSETS		2,664,489	2,496,735
NON-CURRENT ASSETS			
Financial assets	9	-	250,000
Property, plant and equipment	10	3,956,044	5,292,692
Deferred tax assets	11	785,228	490,171
Intangible assets	12	825,000	825,000
TOTAL NON-CURRENT ASSETS		5,566,272	6,857,863
TOTAL ASSETS		8,230,761	9,354,598
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,424,652	2,042,360
Borrowings	14	1,159,461	1,631,158
Current tax liabilities	11	176,567	41,749
Provisions	15	708,996	746,751
TOTAL CURRENT LIABILITIES		4,469,676	4,462,018
NON-CURRENT LIABILITIES			
Borrowings	14	1,886,358	2,778,055
Provisions	15	550,070	217,192
TOTAL NON-CURRENT LIABILITIES		2,436,428	2,995,247
TOTAL LIABILITIES		6,906,104	7,457,265
NET ASSETS		1,324,657	1,897,333
EQUITY			
Issued capital	16	337,941	337,941
Retained earnings		986,716	1,559,392
TOTAL EQUITY		1,324,657	1,897,333

The accompanying notes form part of these financial statements.

Global Diagnostics (Australia) Pty Ltd

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STATEMENT OF changes in equity for the year ended 30 JUNE 2014

	Note	Issued Capital (Ordinary Shares)	Retained Earnings	Total
		$	$	$
Balance at 1 July 2012		337,941	1,629,300	1,967,241
Comprehensive income				
Profit for the year		-	(69,908)	(69,908)
Total comprehensive income for the year attributable to members of the entity		-	(69,908)	(69,908)
Transactions with owners, in their capacity as owners		-	-	-
Balance at 30 June 2013		337,941	1,559,392	1,897,333
Comprehensive income				
Profit for the year		-	(709,346)	(709,346)
Total comprehensive income for the year attributable to members of the entity		-	(709,346)	(709,346)
Transactions with owners, in their capacity as owners				
Dividends (paid or provided for) or cancelled	4	-	136,670	136,670
Total transactions with owners		-	136,670	136,670
Balance at 30 June 2014		337,941	986,716	1,324,657

Global Diagnostics (Australia) Pty Ltd

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,425,045	28,311,617
Payments to suppliers and employees		(27,366,277)	(25,505,766)
Finance costs		(24,293)	(2,083)
Income tax paid		(57,718)	88,543
Net cash provided by operating activities	18	1,976,757	2,892,311
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		250,000	(250,000)
Payment for property, plant and equipment		(590,910)	(2,195,757)
Payment for intangibles		-	(825,000)
Net cash used in investing activities		(340,910)	(3,270,757)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,376,823)	392,485
Net cash provided by (used in) financing activities		(1,376,823)	392,485
Net (decrease) increase in cash held		259,024	14,039
Cash at beginning of financial year		88,652	74,613
Cash at end of financial year	5	347,676	88,652

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Global Diagnostics (Australia) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 6 November 2014 by the directors of the company.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of $709,346 for the year ended 30 June 2014. As at that date the company had net current liabilities of $1,805,187.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the fact that Lake Imaging Holdings Pty Ltd and Global Centric Holdings Limited, in their capacity as shareholders of the company, have undertaken to provide financial support to the company to enable it to pay its liabilities as and when they become payable for a period of twelve months from the date of this report.

Accounting Policies

a. **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 business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. 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 liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Business Combinations (continued)**

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The value of goodwill recognised on acquisition of each subsidiary in which the company holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The company can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the company determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the company's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

b. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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, branches, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. **Income Tax (continued)**

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) a legally enforceable right of set-off exists; and (b) 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.

c. **Fair Value of Assets**

The company measures some of its assets at fair value. Fair value is the price the company would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

d. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

e. **Land Held for Sale**

Land held for development and sale is measured at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding charges incurred after development is completed are expensed. Profits are brought to account on the signing of an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

f. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. **Property, Plant and Equipment (continued)**

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Depreciation is recognised in profit or loss on a diminishing-value basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives are as follows:

Class of Fixed Asset	Useful Life
Plant and equipment	3 to 15 years
Office furniture and equipment	3 to 5 years
Leasehold improvements	3 to 10 years
Motor vehicles	3 to 5 years
Low value pool assets	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

g. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Leases (continued)**

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

h. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h. Financial Instruments (continued)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h. Financial Instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the company 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.

j. Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

The company is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

l. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. 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.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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 the cessation of all involvement by the company in those goods.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period 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.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

n. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

o. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

q. **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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. **Comparative Figures**

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

s. **Critical Accounting Estimates and Judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has 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.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

t. **New Accounting Standards for Application in Future Periods**

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the company's financial statements.

- AASB 2013–3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

- AASB 2013–4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the company's financial statements.

- AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the company does not meet the definition of an investment entity, this Standard is not expected to significantly impact the company's financial statements.

NOTE 2: AUDITOR'S REMUNERATION

	Note	2014	2013
		$	$
Remuneration of auditor			
– Audit of financial report		95,214	86,015

NOTE 3: INCOME TAX EXPENSE

Income tax expense		102,521	191,844

NOTE 4: DIVIDENDS

Distribution adjustments:			
a. Dividend cancelled		136,670	-

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand		3,882	4,397
Cash at bank		343,794	84,254
		347,676	88,651

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		347,676	88,651
		347,676	88,651

NOTE 6: TRADE AND OTHER RECEIVABLES

	Note	2014	2013
		$	$
CURRENT			
Trade receivables		1,855,973	2,218,330
Provision for impairment		(57,846)	(101,898)
		1,798,127	2,116,432
Other receivables			
GST Receivable		52,356	2,932
		1,850,483	2,119,364

NOTE 7: INVENTORIES

CURRENT		
Finished goods at cost	82,022	86,478
	82,022	86,478

NOTE 8: OTHER CURRENT ASSETS

Prepayments	361,004	194,892
Rental Bonds	23,304	-
Staff Loans	-	7,350
	384,308	202,242

NOTE 9: FINANCIAL ASSETS

Unlisted investments, at recoverable amount:		
– shares in unlisted corporations	-	250,000
Total available-for-sale financial assets	-	250,000

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		$	$
Plant and Equipment			
Office equipment at cost		2,947,522	3,025,401
Accumulated depreciation		(2,540,665)	(2,303,251)
		406,857	722,150
Plant and equipment at cost		7,709,047	7,357,558
Accumulated depreciation		(4,906,383)	(3,369,994)
		2,802,664	3,987,564
Motor vehicles at cost		175,868	31,818
Accumulated depreciation		(119,910)	(4,237)
		55,958	27,581
Leasehold improvements at cost		1,244,725	924,384
Accumulated depreciation		(554,160)	(368,987)
		690,565	555,397
Total property, plant and equipment		3,956,044	5,292,692

NOTE 11: TAX

		2014	2013
Assets			
NON-CURRENT			
Deferred tax assets		785,228	490,171
Liabilities			
CURRENT			
Income tax		176,567	41,749

NOTE 12: INTANGIBLE ASSETS

		2014	2013
Goodwill			
Cost		825,000	825,000
Accumulated impairment losses		-	-
Net carrying amount		825,000	825,000

NOTE 13: TRADE AND OTHER PAYABLES

	Note	2014	2013
		$	$
CURRENT			
Trade payables		1,180,319	1,151,879
Sundry payables and accrued expenses		1,244,333	890,481
		2,424,652	2,042,360

NOTE 14: BORROWINGS

	Note	2014	2013
CURRENT			
Bank loan secured		-	165,092
Lease liability	17	1,066,471	1,466,066
Unsecured loans		92,990	-
		1,159,461	1,631,158
NON-CURRENT			
Bank loan secured		252,665	265,158
Lease liability	17	1,633,693	2,610,920
Unsecured loans		-	(98,023)
		1,886,358	2,778,055
Total current and non-current secured liabilities:			
Bank loan		252,665	430,250
		252,665	430,250

NOTE 15: PROVISIONS

	Note	2014	2013
CURRENT			
Dividends			
Employee benefits		708,996	746,751
		708,996	746,751
NON-CURRENT			
Make good provision		315,000	-
Employee benefits		235,070	217,192
		550,070	217,192

NOTE 16: ISSUED CAPITAL

		Note	2014	2013
			$	$
a.	21,552 (2013:21,552) fully paid "O" ordinary shares		337,941	337,941

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

a. **Finance Leasing and Hire Purchase Commitments**

	2014	2013
Payable – minimum lease payments:		
– not later than 12 months	1,066,471	1,466,066
– between 12 months and five years	1,633,693	2,610,920
– later than five years	-	-
Minimum lease payments	2,700,164	4,076,986

NOTE 18: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2014	2013
Profit after income tax	(709,346)	(69,908)
Non-cash flows in profit:		
– depreciation	1,924,043	2,051,455
Changes in assets and liabilities:		
– (increase)/decrease in receivables	268,881	(588,728)
– (increase)/decrease in other assets	(28,453)	1,424,713
– (increase)/decrease in inventories	4,456	(17,582)
– Increase/(decrease) in payables	382,292	(8,120)
– Increase/(decrease) in provisions	295,123	203,782
– increase/(decrease) in income tax payable	134,819	132,339
– (increase)/decrease in deferred taxes receivable	(295,057)	(235,640)
	1,976,758	2,892,311

NOTE 19: COMPANY DETAILS

The registered office of the company is:

Global Diagnostics (Australia) Pty Ltd
Lot 800, Bussell Highway
BUNBURY WA 6230

The principal place of business is:

Global Diagnostics (Australia) Pty Ltd
Lot 800, Bussell Highway
BUNBURY WA 6230

Global Diagnostics (Australia) Pty Ltd

ABN 51 077 474 518

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Global Diagnostics (Australia) Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 23, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Dated this Wednesday, 17 December 2014

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Global Diagnostics (Australia) Pty Ltd for the year ended 30 June 2014, 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

Perth, WA
Dated: 17 December 2014

J A KOMNINOS
Partner

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GLOBAL DIAGNOSTICS (AUSTRALIA) PTY LTD

We were engaged to audit the accompanying financial report, being a special purpose financial report, of Global Diagnostics (Australia) Pty Ltd ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 Global Diagnostics (Australia) Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

RSM Bird Cameron Partners

Basis for Disclaimer of Opinion

The previous financial report was not audited. We were unable to satisfy ourselves by alternative means concerning a number of opening balances disclosed in the statements of financial performance and cash flows and the statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2014, the impact of opening balances on the current period financial performance and cash flows prevents us from forming an opinion on the financial report taken as a whole.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on whether the financial report of Global Diagnostics (Australia) Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 18 December 2014

J A KOMNINOS
Partner