PERICOACH

ANALYTICA

ANALYTICA LTD - ABN 12 006 464 866

# ASX ANNOUNCEMENT

## Analytica reports 2015 full year results

**31 August 2015**: Brisbane, Australia - Analytica Ltd (ASX: ALT) manufacturer of the PeriCoach® System, is pleased to announce its full year results for the financial year ended June 30 2015.

FINANCIAL RESULTS

- Total revenue up 191% to $1.12 million including R&D of $989k
- Research & development $2.84m up from $2.2m
- Marketing $2.29m up from $397k.
- Reported loss of $5.27 million
- Cash position at end of year $579k
- Subsequent to end of year company raised $2.9m through a well-supported rights issue
  R&D tax credit of $989k received 2014, anticipate 2015 larger credit in November.

OPERATIONAL HIGHLIGHTS – PERICOACH:

- CE mark approval for Europe achieved in October
- FDA 510(k) regulatory clearance achieved for the US in March
- Sales launch in the US , UK and Ireland June, within 3 months of FDA approval
- iOS app approved for release in App Store in January
- Full sales launch in Australia and New Zealand in January, within one week of approval
- Recruitment of clinician support network
- Recruitment for clinical trial commenced in April

"The 2015 financial year has been one of solid progress in research and development of our key system, PeriCoach. With refinements developed as a result of the controlled market release and input of our clinical advisory boards the system is performing above expectations. We achieved 510(k) clearance in the US in March – the world's biggest device market - and CE mark approval in October. These critical milestones mean we have the regulatory foundations to sell PeriCoach globally." said Analytica Chief Executive Officer Geoff Daly.

"Incontinence is a huge problem, and Kegel exercises are overwhelmingly recognised as first line treatment. Our job is to inform clinicians that there is a data driven solution. We are encouraging women to self-identify that incontinence is common but not normal, and they can do something about it. Like moving any mass, getting market momentum requires a lot of effort for initial results, but once moving it will pick up speed."

So far, we have launched PeriCoach across Australia, New Zealand, the US, UK and Ireland and initial data shows very encouraging interest and sales in both Australia and the US markets."

"We now look forward to increasing PeriCoach's presence in these markets and expanding our market reach through new indications for the system, with the aim of increasing sales in market towards commercially sustainable."

Analytica has strengthened its board with two directors focused on developing partnerships with international marketing and sales organisations.

In addition, Analytica is conducting a clinical trial to provide independent confirmation and help drive market adoption of PeriCoach.

Analytica posted a reported loss of $5.27 million compared to $2.09 million for the previous corresponding period with the increase due to substantial increased R&D for PeriCoach, and increased marketing ahead of the system launch.

Revenue increased by 191% to $1.12 million as a result of sales of PeriCoach and R&D tax incentive in October 2014. The company's cash balance at June 30 2015 was $579k, down on the previous corresponding period of $1.95 million due to the increased R&D and marketing costs. Analytica received an R&D tax credit of $989k in October for expenses incurred in 2013-2014 and the Company is preparing a claim for 2014-2015 due to the significant R&D costs associated with the product.

Analytica conducted a rights issue in August 2015 to support R&D costs and marketing efforts for the system in Australia and the US. The Company raised $2.865 million at an offer price of 0.8 cents per share.

For more information please contact:

Geoff Daly, Chief Executive Officer on (07) 3278 1950
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For more information about the PeriCoach System, visit: **www.PeriCoach.com**

For more information about Analytica, visit **www.AnalyticaMedical.com**

Follow us on:

**About Analytica Limited**

Analytica's lead product is the PeriCoach® System – an e-health treatment system for women who suffer Stress Urinary Incontinence. This affects 1 in 3 women worldwide and is mostly caused by trauma to the pelvic floor muscles as a result of pregnancy, childbirth and menopause.

PeriCoach comprises a device, web portal and smartphone app. The device evaluates activity in pelvic floor muscles. This information is transmitted to a smartphone app and can be loaded to PeriCloud where physicians can monitor patient progress via web portal. This novel system enables physicians to remotely determine if a woman is performing her pelvic floor exercises and if these are improving her condition.

PeriCoach has regulatory clearance in Australia, and has CE mark clearance. The product has USFDA 510(k) clearance. The product has been on sale in Australia and New Zealand since January, and recently launched in the UK and Ireland, and in the USA. The US market for incontinence pads is $5 billion pa. It is projected that by 2030, 5.6 million women in Australia will suffer urinary incontinence.

# Appendix 4E
# Preliminary Final Report

**Name of entity** Analytica Limited
**ABN** 12 006 464 866

**1. Reporting Period**

| | |
|---|---|
| **Report for the financial year end** | 30 June 2015 |
| **Previous corresponding reporting period** | 30 June 2014 |

**2. Results for announcement to the market**

| | $ | Percentage increase/(decrease) over previous corresponding period |
|---|---|---|
| **Revenue from ordinary activities** | 1,119,376 | 191 |
| **Profit/(loss) from ordinary activities after tax attributable to members** | (5,315,604) | (167) |
| **Net profit/(loss) for the period attributable to members** | (5,315,604) | (167) |

| **Dividends** | **Amount per security** | **Franked amount per security** |
|---|---|---|
| **Final dividend** | Nil | Nil |
| **Interim dividend** | Nil | Nil |

| | |
|---|---|
| **Record date for determining entitlements to dividend** | Not applicable |

| **Brief explanation of any of the figures reported above necessary to enable the figures to be understood** |
|---|
| The increased loss is due to substantial increased in R&D for Pericoach, increased marketing in preparation for the release of Pericoach, allocation of options and increased administration. |

**3. Income Statement** Refer to Attachment A **These accounts are in the process of being audited.**

**4. Balance Sheet** Refer to Attachment A **These accounts are in the process of being audited.**

**5. Statement of Changes in Equity** Refer to Attachment A **These accounts are in the process of being audited.**

**6. Cash Flow Statement** Refer to Attachment A **These accounts are in the process of being audited.**

## 7. Dividends

| | |
|---|---|
| **Date dividend is payable** | Not applicable |
| **Record date to determine entitlement to the dividend** | Not applicable |
| **Amount per security** | Not applicable |
| **Total dividend** | Not applicable |
| **Amount per security of foreign sourced dividend or distribution** | Not applicable |
| **Details of any dividend reinvestment plans in operation** | Not applicable |
| **The last date for receipt of an election notice for participation in any dividend reinvestment plans** | Not applicable |

## 8. Statement of retained earnings

| Consolidated Entity | | |
|---|---|---|
| | **2015** | **2014** |
| **Balance at the beginning of the year** | (86,952,863) | (83,776,854) |
| **Net profit attributable to members of the parent entity** | (5,315,604) | (3,176,008) |
| **Transfer from option reserve** | | |
| **Balance at end of the year** | (92,268,467) | (86,952,863) |

## 9. Net tangible assets per security

| | **Current period** | **Previous corresponding period** |
|---|---|---|
| **Net tangible asset backing per ordinary security** | 0.05 cents | 0.29 cents |

| **10. Details of entities over which control has been gained or lost during the period** | **% Securities held** |
|---|---|
| **PeriCoach Pty Ltd** | 100% |

## 11. Details of associated and joint venture entities

| **Name of associate or joint venture entity** | **Not Applicable** |
|---|---|
| | |

## Analytica Limited

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June, 2015

| | | Consolidated | |
|---|---|---|---|
| | | **2015** | **2014** |
| | **Note** | **$** | **$** |
| Sales revenue | | **73,824** | - |
| Cost of sales | | **(22,784)** | - |
| Gross profit | | **51,040** | - |
| R&D tax incentive revenue | | **988,107** | 559,668 |
| Royalty revenue | | **6,228** | 5,506 |
| Investment revenue | | **51,219** | 22,309 |
| Loss on disposal of assets | | **(194)** | - |
| Administrative expenses | 2 | **(1,014,953)** | (516,084) |
| Depreciation, amortisation and impairments | 2 | **(93,365)** | (16,908) |
| Fair value adjustment | | **(53,280)** | 39,699 |
| Finance costs | 2 | **(384)** | (3,104) |
| Marketing expenses | 2 | **(2,292,793)** | (396,620) |
| Occupancy costs | | **(7,020)** | (5,784) |
| Option expenses | | **-** | (515,862) |
| Other currency gains (losses) | | **(27,923)** | (2,271) |
| Patent maintenance | 2 | **(86,778)** | (150,763) |
| Research and development | 2 | **(2,835,508)** | (2,195,794) |
| **Profit before income tax** | | **(5,315,604)** | (3,176,008) |
| Income tax expense | 3 | **-** | - |
| **Profit for the year** | | **(5,315,604)** | (3,176,008) |
| **Other comprehensive income, net of income tax** | | | |
| **Total comprehensive income for the year** | | **(5,315,604)** | (3,176,008) |
| Profit attributable to: | | | |
| Members of the parent entity | | **(5,315,604)** | (3,176,008) |

| | | |
|---|---|---|
| Earnings per share | | |
| Basic/diluted earnings per share (dollars) | (0.0059) | (0.0048) |

The accompanying notes form part of these financial statements.

**Analytica Limited**

# Consolidated Statement of Financial Position

## As At 30 June, 2015

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | **581,531** | 1,957,868 |
| Trade and other receivables | 8 | **19,493** | 36,652 |
| Inventories | 9 | **231,692** | 177,170 |
| Other assets | 13 | **71,911** | 381,638 |
| TOTAL CURRENT ASSETS | | **904,627** | 2,553,328 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 10 | **19,850** | 73,130 |
| Property, plant and equipment | 11 | **38,382** | 21,647 |
| Intangible assets | 12 | **117,184** | 176,816 |
| TOTAL NON-CURRENT ASSETS | | **175,416** | 271,593 |
| TOTAL ASSETS | | **1,080,043** | 2,824,921 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Borrowings | 14 | **2,568** | 10,342 |
| Trade and other payables | 15 | **488,817** | 271,782 |
| Short-term provisions | 16 | **53,650** | 42,755 |
| Employee benefits | 17 | **113,246** | 94,738 |
| TOTAL CURRENT LIABILITIES | | **658,281** | 419,617 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 17 | **40,713** | 30,782 |
| TOTAL NON-CURRENT LIABILITIES | | **40,713** | 30,782 |
| TOTAL LIABILITIES | | **698,994** | 450,399 |
| NET ASSETS | | **381,049** | 2,374,522 |
| **EQUITY** | | | |
| Issued capital | 19 | **92,114,779** | 88,792,648 |
| Reserves | 18 | **534,737** | 534,737 |
| Retained earnings | | **(92,268,467)** | (86,952,863) |
| TOTAL EQUITY | | **381,049** | 2,374,522 |

The accompanying notes form part of these financial statements.

## Analytica Limited

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June, 2015

| 2015 | | Consolidated | | | |
|---|---|---|---|---|---|
| | | Ordinary Shares | Retained Earnings | Option Reserve | Total |
| | Note | $ | $ | $ | $ |
| **Balance at 1 July 2014** | | **88,792,648** | **(86,952,863)** | **534,737** | **2,374,522** |
| Profit attributable to members of the parent entity | | **-** | **(5,315,604)** | **-** | **(5,315,604)** |
| Shares issued during the year | | **3,715,760** | **-** | **-** | **3,715,760** |
| Transaction costs | | **(393,511)** | **-** | **-** | **(393,511)** |
| Shares bought back during the year | | **(118)** | **-** | **-** | **(118)** |
| **Balance at 30 June 2015** | | **92,114,779** | **(92,268,467)** | **534,737** | **381,049** |

| 2014 | | Consolidated | | | |
|---|---|---|---|---|---|
| | | Ordinary Shares | Retained Earnings | Option Reserve | Total |
| | Note | $ | $ | $ | $ |
| **Balance at 1 July 2013** | | 83,943,597 | (83,776,853) | - | 166,744 |
| Profit attributable to members of the parent entity | | - | (3,176,008) | - | (3,176,008) |
| Transaction costs | | (374,022) | - | - | (374,022) |
| Issue of shares | | 5,223,073 | - | 534,737 | 5,757,810 |
| **Balance at 30 June 2014** | | 88,792,648 | (86,952,863) | 534,737 | 2,374,522 |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

## For the Year Ended 30 June, 2015

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | **73,564** | - |
| Receipt from grants | | **988,107** | 559,668 |
| Receipt from royalty income | | **6,228** | 5,506 |
| Payments to suppliers and employees | | **(5,758,761)** | (3,633,248) |
| Interest received | | **51,216** | 22,309 |
| Finance costs | | **(384)** | (3,104) |
| Interest paid | | **-** | (5,376) |
| Net cash provided by (used in) operating activities | 22 | **(4,640,030)** | (3,054,245) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Payment for intangible asset | | **(11,716)** | (8,771) |
| Purchase of property, plant and equipment | | **(38,248)** | (187,924) |
| Net cash used by investing activities | | **(49,964)** | (196,695) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from issue of shares | | **3,715,642** | 5,080,101 |
| Repayment of directors' loan accounts | | **-** | (213,000) |
| Proceeds from directors' loan accounts | | **-** | 213,000 |
| Costs of fund raising | | **(394,211)** | (231,051) |
| Net cash used by financing activities | | **3,321,431** | 4,849,050 |
| Net increase (decrease) in cash and cash equivalents held | | **(1,368,563)** | 1,598,110 |
| Cash and cash equivalents at beginning of year | | **1,947,526** | 349,416 |
| Cash and cash equivalents at end of financial year | 7 | **578,963** | 1,947,526 |

The accompanying notes form part of these financial statements.

# Summary of Significant Accounting Policies

## For the Year Ended 30 June, 2015

### 1 Summary of Significant Accounting Policies

This financial report covers the consolidated financial statements and notes of Analytica Limited and Controlled Entities and its interest in associates and jointly controlled entities (the 'group'). Analytica Limited is a for profit Parent domiciled in Australia. The financial statements were authorised for issue by the Board of Directors on the date the directors report was signed. .

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note to the financial statements.

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

#### (c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the

**1 Summary of Significant Accounting Policies continued**

consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

### (d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

### (e) Income Tax

#### (i) Current income tax expense

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### (ii) Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are not recognised to the extent that it is not probable that taxable profit will available against which the unused tax losses or unused tax credits can be utilised.

At the end of each reporting period, the company reassesses unrecognised deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**1 Summary of Significant Accounting Policies continued**

**(f) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

**Interest revenue**

Interest is recognised using the effective interest method.

**Royalty revenue**

Royalty revenue is recognised in the consolidated statement of profit or loss and other comprehensive income when , it is probable that the economic benefits gained from royalty will flow to the entity and the amount of the royalty can be measured reliably.

**Grant revenue**

The Company is eligible for Federal Government grants in respect of Research and Development expenditure. Such grants are accounted for when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received.

Other grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**(g) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**(h) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### 1 Summary of Significant Accounting Policies continued

#### (i) Inventories

Inventories are measured at the lower of cost and net realisable value.  Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

#### (j) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

**Plant and equipment**

Plant and equipment are measured using the cost model.

**Depreciation**

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|---|---|
| Plant and Equipment | 13.33% - 20% |
| Office Equipment | 33% - 66.67% |
| Computer Equipment | 33% - 100% |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Parent becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial Assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

# Summary of Significant Accounting Policies

## For the Year Ended 30 June, 2015

### 1 Summary of Significant Accounting Policies continued

#### (k) Financial instruments continued

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

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Parent's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Parent has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

**1 Summary of Significant Accounting Policies continued**

**(k) Financial instruments continued**

**Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Parent's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

**Financial liabilities**

Financial liabilities are recognised when the Parent becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired. Although the Parent uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Parent‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

*Impairment of financial assets*

At the end of the reporting period the Parent assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

**Available-for-sale financial assets**

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are

**1 Summary of Significant Accounting Policies continued**

**(k) Financial instruments continued**

either discharged, cancelled or expired. The difference between the carry value 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.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

**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 stated at amortised cost using the effective interest rate method.

**(l) Impairment of non-financial assets**

At the end of each reporting period, the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

**(m) Intangible Assets**

**Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 0 - to 3 years.

**Amortisation**

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**1 Summary of Significant Accounting Policies continued**

**(m) Intangible Assets continued**

**Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect 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'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Refer to Note  for information on the goodwill policy adopted by the Group for each acquisition.

Fair value uplifts in the value of pre-existing equity holdings are taken to the consolidated statement of profit or loss and other comprehensive income. Where they investment has been equity accounted, any credit reserve balances are recycled to the consolidated statement of profit or loss and other comprehensive income.

In determining the net identifiable assets acquired, contingent liabilities of the acquiree are included to the extent to which they represent a present obligation and can be measured reliably.

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

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group'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.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

**Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

# Summary of Significant Accounting Policies

## For the Year Ended 30 June, 2015

**1 Summary of Significant Accounting Policies continued**

**(m) Intangible Assets continued**

**Research and development continued**

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is - years.

**Software**

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments (less than 3 months) which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

**(o) Employee benefits**

Provision is made for the Parent's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Parent does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

**(p) Provisions**

Provisions are recognised when the Group 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 present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that 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 unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

# Summary of Significant Accounting Policies

## For the Year Ended 30 June, 2015

### 1 Summary of Significant Accounting Policies continued

#### (q) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### (s) Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

#### (t) Foreign currency transactions and balances

**Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair

# Summary of Significant Accounting Policies
## For the Year Ended 30 June, 2015

**1 Summary of Significant Accounting Policies continued**

**(t) Foreign currency transactions and balances continued**

**Transaction and balances continued**

value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

**(u) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the interim financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

**Key estimates - impairment**

The Group assesses impairment at the end of each reporting year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**(v) Going concern**

The financial statements have been prepared on a going concern basis.

This basis has been adopted as the company has sufficient cash at 30 June 2015 to conduct its affairs. The company has a guarantee of continuing financial support from Dr Monsour to allow the company to meets its liabilities and it is the belief that such financial support will continue to be made available.

The company's forward cash flow projections currently indicate that the company will be required to raise additional funds to meet forecast needs. The Directors have considered this position and have assessed available funding options and believe should funding be required that sufficient funds could be sourced to satisfy creditors as and when they fall due.

The company also expects to generate increased sales income during the 2016 year from the sales of its PeriCoach.

However, if adequate capital raising is not achieved the company may be unable to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

**(w) Adoption of new and revised accounting standards**

During the current year, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 13 *Fair Value Measurement*

# Summary of Significant Accounting Policies

## For the Year Ended 30 June, 2015

1 **Summary of Significant Accounting Policies continued**

**(w) Adoption of new and revised accounting standards continued**

- AASB 119 *Employee Benefits*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

**(x) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---|---|---|
| AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6 | 30 June 2016 | Changes to the classification and measurement requirements for financial assets and financial liabilities.<br><br>New rules relating to derecognition of financial instruments. | The impact of AASB 9 has not yet been determined as the entire standard has not been released. |
| AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132] | 30 June 2015 | This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard. | There will be no impact to the entity as there are no offsetting arrangements currently in place. |

# Notes to the Financial Statements
## For the Year Ended 30 June, 2015

### 2 Result for the Year

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance costs line in the consolidated statement of profit or loss and other comprehensive income for the reporting periods presented:

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Cost of sales | **22,784** | - |
| **Finance Costs** | | |
| - external | **384** | 59 |
| - related entities | **-** | 3,045 |
| **- Total interest expense** | **384** | 3,104 |

The result for the year includes the following specific expenses:

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Other expenses:** | | |
| **Administrative expenses** | | |
| Administration - general | **108,222** | 24,002 |
| Compliance costs | **487,944** | 311,791 |
| Employee costs - general | **418,787** | 180,291 |
| | **1,014,953** | 516,084 |
| **Depreciation and amortisation** | | |
| - Amortisation | **71,348** | 7,215 |
| - Depreciation of property plant and equipment | **22,017** | 9,693 |
| | **93,365** | 16,908 |
| **Marketing expenses** | | |
| - Auto Start Burrette | **-** | 76,979 |
| - PeriCoach | **1,641,325** | 157,413 |
| - Wages | **651,468** | 162,228 |
| | **2,292,793** | 396,620 |
| **Patent maintenance** | | |
| - AutoStart Burette | **38,015** | 58,294 |
| - ELF 2 | **3,478** | 17,731 |
| - PeriCoach | **45,285** | 74,738 |
| | **86,778** | 150,763 |
| **Research and development costs** | | |
| - Auto Start Burette | **8,956** | 34 |
| - Employee and labour | **505,548** | 616,245 |
| - ELF 2 | **-** | 46,294 |
| - PeriCoach | **2,321,004** | 1,533,221 |
| | **2,835,508** | 2,195,794 |

### 3 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| Profit | **(5,315,604)** | (3,176,008) |
| Tax | **30 %** | 30 % |
| | **(1,594,681)** | (952,802) |
| Add: | | |
| Tax effect of: | | |
| - non-deductible expenses | **814,456** | 814,456 |
| | **(780,225)** | (138,346) |
| Less: | | |
| Tax effect of: | | |
| - non-assessable income | **(296,432)** | (156,224) |
| Recoupment of prior year tax losses not previously brought to account | **1,076,657** | 294,570 |
| Income tax attributable to parent entity | **-** | - |
| | **-** | - |

Carried forward tax losses of $9,729,252 (2014:$9,725,879) have not been brought to account as a deferred tax asset because it is not yet considered probable that they will reverse to the extent of being utilised in the future.

## Analytica Limited

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 4 Key Management Personnel Disclosures

#### Key management personnel options and rights holdings

Details of options provided as remuneration and shares issued on the exercise of such options together with terms and conditions of the options can be found in the Remuneration Report within the Director's Report.

| | Balance at beginning of year | Granted as remun-eration | Exercised | Other changes | Balance at the end of year | Vested during the year | Vested and exercis-able |
|---|---|---|---|---|---|---|---|
| **30 June, 2015** | | | | | | | |
| **Directors** | | | | | | | |
| **Unlisted Options @ 3.24 cents Expire 29/10/18** | | | | | | | |
| Dr Michael Monsour | 13,000,000 | - | - | - | 13,000,000 | - | - |
| Mr Ross Mangelsdorf | 10,000,000 | - | - | - | 10,000,000 | - | - |
| Mr Warren Brooks | 8,000,000 | - | - | - | 8,000,000 | - | - |
| | 31,000,000 | - | - | - | 31,000,000 | - | - |
| **Other KMP** | | | | | | | |
| **Unlisted Options @ 3.24c Expire 29/10/2018** | | | | | | | |
| Geoffrey Daly | 6,000,000 | - | - | - | 6,000,000 | - | - |
| **Unlisted Options @ 4.50c Expire 12/02/2019** | | | | | | | |
| Geoffrey Daly | 5,000,000 | - | - | - | 5,000,000 | - | - |
| | 42,000,000 | - | - | - | 42,000,000 | - | - |
| **30 June, 2014** | | | | | | | |
| **Directors** | | | | | | | |
| **Unlisted Options @ 3.24c Expire 29/10/18** | | | | | | | |
| Dr Michael Monsour | - | - | - | 13,000,000 | 13,000,000 | - | - |
| Mr Ross Mangelsdorf | - | - | - | 10,000,000 | 10,000,000 | - | - |
| Mr Warren Brooks | - | - | - | 8,000,000 | 8,000,000 | - | - |
| | - | - | - | 31,000,000 | 31,000,000 | - | - |
| | - | - | - | - | - | - | - |
| **Other KMP** | | | | | | | |
| **Unlisted Options @ 3.24 cents Expire 29/10/18** | | | | | | | |
| Geoffrey Daly | - | 6,000,000 | - | - | 6,000,000 | - | - |
| **Unlisted Options @ 4.50 cents Expire 12/2/19** | | | | | | | |
| Geoffrey Daly | - | 5,000,000 | - | - | 5,000,000 | - | - |
| | - | 11,000,000 | - | - | 11,000,000 | - | - |

### 4 Key Management Personnel Disclosures continued
**Key management personnel shareholdings**

The number of ordinary shares in Analytica Limited held by each key management person of the Group during the year is as follows:

| | Balance at beginning of year | On exercise of options | Other changes during the year | Balance at end of year |
|---|---|---|---|---|
| **30 June, 2015** | | | | |
| Dr Michael Monsour | 2,606,337 | - | - | 2,606,337 |
| MPAMM Pty Ltd | 38,484,118 | - | 6,203,667 | 44,687,785 |
| MP Monsour Medical Practice Pty Ltd | 11,880,611 | - | 366,666 | 12,247,277 |
| Halonna Pty Ltd | 32,484,118 | - | 22,180,333 | 54,664,451 |
| Other related parties | 17,084,482 | - | - | 17,084,482 |
| **Total: Dr Michael Monsour** | 102,539,666 | - | 28,750,666 | 131,290,332 |
| Mr Ross Mangelsdorf | 14,222 | - | - | 14,222 |
| RM & JM Mangelsdorf | 14,222 | - | - | 14,222 |
| Tambien Pty Ltd | 17,253,200 | - | 1,595,157 | 18,848,357 |
| Other related parties | 3,190,758 | - | - | 3,190,758 |
| **Total: Mr Ross Mangelsdorf** | 20,472,402 | - | 1,595,157 | 22,067,559 |
| Mr Warren Brooks | | | | |
| W Brooks Investments Pty Ltd | 31,759,341 | - | 670,659 | 32,430,000 |
| **Total: Mr Warren Brooks** | 31,759,341 | - | 670,659 | 32,430,000 |
| Mr Carl Stubbings | | | | |
| Cumberland Pty Ltd | 1,627,450 | - | 203,432 | 1,830,882 |
| **Total: Mr Carl Stubbings** | 1,627,450 | - | 203,432 | 1,830,882 |
| | 156,398,859 | - | 31,219,914 | 187,618,773 |

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 4 Key Management Personnel Disclosures continued

**Key management personnel shareholdings continued**

| | Balance at beginning of year | On exercise of options | Other changes during the year | Balance at end of year |
|---|---|---|---|---|
| **30 June 2014** | | | | |
| **Dr Michael Monsour** | | | | |
| Dr Michael Monsour | 740,088 | - | 1,866,249 | 2,606,337 |
| MPAMM Pty Ltd | 35,644,799 | - | 2,839,319 | 38,484,118 |
| MP Monsour Medical Practice Pty Ltd | 10,255,720 | - | 1,624,891 | 11,880,611 |
| Other related parties | 16,035,036 | - | 1,049,446 | 17,084,482 |
| **Total: Dr Michael Monsour** | 62,675,643 | - | 7,379,905 | 70,055,548 |
| Mr Ross Mangelsdorf | 13,333 | - | 889 | 14,222 |
| RM & JM Mangelsdorf | 13,333 | - | 889 | 14,222 |
| Tambien Pty Ltd | 12,918,994 | - | 4,334,206 | 17,253,200 |
| Other related parties | 1,841,332 | - | 1,349,426 | 3,190,758 |
| **Total: Mr Ross Mangelsdorf** | 14,786,992 | - | 5,685,410 | 20,472,402 |
| Mr Warren Brooks | - | - | - | - |
| W Brooks Investments Pty Ltd | 30,456,989 | - | 1,302,352 | 31,759,341 |
| **Total: Mr Warren Brooks** | 30,456,989 | - | 1,302,352 | 31,759,341 |
| Mr Carl Stubbings | | | | |
| Cumberland Pty Ltd | - | - | 1,627,450 | 1,627,450 |
| **Total: Mr Carl Stubbings** | - | - | 1,627,450 | 1,627,450 |
| | 107,919,624 | - | 48,479,235 | 156,398,859 |

**Other KMP**

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 24: Related Party Transactions.

### 5 Remuneration of Auditors

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Remuneration of the auditor of the Company, Bentleys, for: | | |
| - auditing or reviewing the financial report | **70,466** | 49,000 |
| - other services | **1,500** | 1,500 |

Other services was in relation to the acquittal for the Commercialisation Australia project.

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 6 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Loss from continuing operations | **(5,315,604)** | (3,176,008) |
| Earnings used to calculate basic EPS from continuing operations | **(5,315,604)** | (3,176,008) |

(b) Earnings used to calculate overall earnings per share

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Earnings used to calculate overall earnings per share | **(5,315,604)** | (3,176,008) |

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | **897,958,600** | 661,308,208 |

### 7 Cash and cash equivalents

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Cash at bank and in hand | **39,487** | - |
| Short-term bank deposits | **542,044** | 1,957,868 |
| | **581,531** | 1,957,868 |

**Reconciliation of cash**

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

| | | Consolidated | |
|---|---|---|---|
| | | 2015 | 2014 |
| | | $ | $ |
| Cash and cash equivalents | | **581,531** | 1,957,868 |
| Bank overdrafts | 14 | **(2,568)** | (10,342) |
| **Balance as per consolidated statement of cash flows** | | **578,963** | 1,947,526 |

# Notes to the Financial Statements
## For the Year Ended 30 June, 2015

### 8 Trade and other receivables

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| CURRENT | | |
| Trade receivables | **259** | - |
| | **259** | - |
| GST receivable | **19,234** | 34,777 |
| Other receivables | **-** | 1,875 |
| **Total current trade and other receivables** | **19,493** | 36,652 |

**Credit risk**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 9 Inventories

| | | |
|---|---|---|
| CURRENT | | |
| At cost: | | |
| Raw materials and consumables | **176,148** | 89,958 |
| Work in progress | **40,021** | 60,026 |
| Finished goods | **15,523** | 26,022 |
| Rejects | **-** | 1,164 |
| | **231,692** | 177,170 |

### 10 Other financial assets

Financial assets at fair value through profit or loss are shares held for trading for the purpose of short-term profit taking. Changes in fair value are included in the consolidated statement of profit or loss and other comprehensive income.

| | | |
|---|---|---|
| Listed investments, at fair value | | |
| - Investments in Invion | **19,850** | 73,130 |
| Financial assets at fair value through profit and loss | | |
| - listed shares at cost | **522,356** | 522,356 |
| - less fair value adjustment | **(502,506)** | (449,226) |
| | **19,850** | 73,130 |

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 10 Other financial assets continued

Invion (IVX) previously known as CBio Limited (CBZ) listed on the Australian Securities Exchange in 2010. Analytica Limited holds 1,044,712 ordinary shares with a market value at 30 June 2015 of $19,850 ( 2014: $73,130).

### 11 Property, plant and equipment

| | Note | Consolidated 2015 $ | 2014 $ |
|---|---|---|---|
| Plant and equipment | | | |
| At cost | | **26,636** | 17,036 |
| Accumulated depreciation | | **(17,991)** | (17,036) |
| Total plant and equipment | | **8,645** | - |
| Office equipment | | | |
| At cost | | **10,845** | 9,989 |
| Accumulated depreciation | | **(8,922)** | (8,039) |
| Total office equipment | | **1,923** | 1,950 |
| Computer equipment | | | |
| At cost | | **99,919** | 72,127 |
| Accumulated depreciation | | **(72,105)** | (52,430) |
| Total computer equipment | | **27,814** | 19,697 |
| **Total property, plant and equipment** | | **38,382** | 21,647 |

#### (a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year:

| Consolidated | Plant and Equipment $ | Office Equipment $ | Computer Equipment $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June, 2015** | | | | |
| Balance at the beginning of year | **-** | **1,950** | **19,697** | **21,647** |
| Additions | **9,600** | **1,554** | **27,792** | **38,946** |
| Disposals - written down value | **-** | **(698)** | **-** | **(698)** |
| Depreciation expense | **(955)** | **(883)** | **(19,675)** | **(21,513)** |
| **Balance at the end of the year** | **8,645** | **1,923** | **27,814** | **38,382** |

| Consolidated | Plant and Equipment $ | Office Equipment $ | Computer Equipment $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June, 2014** | | | | |
| Balance at the beginning of year | 2,947 | 618 | 2,838 | 6,403 |
| Additions | - | 2,778 | 21,980 | 24,758 |
| Depreciation expense | (2,947) | (1,446) | (5,121) | (9,514) |
| **Balance at the end of the year** | - | 1,950 | 19,697 | 21,647 |

### 12 Intangible Assets

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| Patents, trademarks and other rights | | | |
| Cost | | **255,487** | 243,771 |
| Accumulated amortisation and impairment | | **(236,023)** | (235,548) |
| **Net carrying value** | | **19,464** | 8,223 |
| Licenses and franchises | | | |
| Cost | | **20,000** | 20,000 |
| Accumulated amortisation and impairment | | **(20,000)** | (14,393) |
| **Net carrying value** | | **-** | 5,607 |
| Software | | | |
| Cost | | **163,165** | 163,165 |
| Accumulated amortisation and impairment | | **(65,445)** | (179) |
| **Net carrying value** | | **97,720** | 162,986 |
| **Total Intangibles** | | **117,184** | 176,816 |

#### (a) Reconciliation Detailed Table

| Consolidated | Patents, trademarks and other rights $ | Licenses and franchises $ | Software $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June, 2015** | | | | |
| Balance at the beginning of the year | **8,223** | **5,607** | **162,986** | **176,816** |
| Additions | **-** | **11,716** | **-** | **11,716** |
| Amortisation | **(475)** | **-** | **(65,266)** | **(65,741)** |
| **Closing value at 30 June, 2015** | **7,748** | **17,323** | **97,720** | **122,791** |

| Consolidated | Patents, trademarks and other rights $ | Licenses and franchises $ | Software $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June, 2014** | | | | |
| Balance at the beginning of the year | - | 12,274 | - | 12,274 |
| Additions | - | - | 163,165 | 163,165 |
| Internally generated | 8,771 | - | - | 8,771 |
| Amortisation | (548) | (6,667) | (179) | (7,394) |
| **Closing value at 30 June, 2014** | 8,223 | 5,607 | 162,986 | 176,816 |

### 12 Intangible Assets continued

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income. Goodwill has an indefinite life and is not amortised.

### 13 Other assets

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| CURRENT | | |
| Prepayments | **71,911** | 381,638 |

### 14 Borrowings

| | | |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities: | | |
| Bank overdraft | **2,568** | 10,342 |

Director loan facility from Dr Michael Monsour represents an unsecured loan facility from MPAMM Pty Ltd, a related entity associated with Dr Monsour. The loan facility is repayable on demand and bears interest at 7.63% (2014: 8.13%) per annum (annual variable rate per Westpac Banking Corporation for business loans, plus 2%). The interest charged for the year ended 30 June 2015 amounted to nil (2014: $3,045). The maximum amount available under the loan agreement is $400,000. Therefore 100% of the facility was undrawn at 30 June 2015, (2014: 100%).

### 15 Trade and other payables

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| CURRENT | | |
| Unsecured liabilities | | |
| Trade payables | **239,322** | 230,282 |
| Other payables | **249,495** | 41,500 |
| | **488,817** | 271,782 |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

### 16 Provisions

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| CURRENT | | |
| Provisions - audit | **41,000** | 33,800 |
| Provisions - taxation | **12,650** | 8,955 |
| | **53,650** | 42,755 |

### 16 Provisions continued

**Consolidated**

| | Provisions audit | Provisions taxation | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Current** | | | |
| Opening balance at 1 July 2014 | **33,800** | **8,955** | **42,755** |
| Additional provisions | **79,166** | **15,195** | **94,361** |
| Provisions used | **(71,966)** | **(11,500)** | **(83,466)** |
| **Balance at 30 June 2015** | **41,000** | **12,650** | **53,650** |

### 17 Employee Benefits

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Current liabilities | | |
| Provision for employee benefits | **103,421** | 86,841 |
| Other employee benefits | **9,825** | 7,897 |
| | **113,246** | 94,738 |
| Non-current liabilities | | |
| Long service leave | **40,713** | 30,782 |

#### (a) Provision for Long-term Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current to be settled within the next 1 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(m).

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 18 Reserves and retained surplus

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Option reserve** | | |
| Opening balance | **534,737** | - |
| Transfers in | **-** | 534,737 |

#### (a) Share option reserve

This reserve records the cumulative value of share based payments including employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

### 19 Issued Capital

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| 939,220,439 (2014: 815,361,809) Ordinary shares | **92,114,779** | 88,792,648 |
| 53,875,000 (2014: 53,875,000) Unlisted Options | **-** | - |
| **Total** | **92,114,779** | 88,792,648 |

#### (a) Ordinary shares

| | Consolidated 2015 No. | Consolidated 2014 No. |
|---|---|---|
| At the beginning of the reporting period | **815,361,809** | 559,988,815 |
| Shares issued during the year | | |
| - 11 November 2013 | **-** | 129,411,623 |
| - 23 April 2014 | **-** | 75,000,000 |
| - 22 May 2014 | **-** | 34,627,433 |
| - 22 May 2014 | **-** | 16,333,938 |
| - 8 October 2014 | **28,333,334** | - |
| - 5 November 2014 | **85,540,964** | - |
| - 5 November 2014 | **9,984,332** | - |
| At the end of the reporting period | **939,220,439** | 815,361,809 |

Analytica Limited issued the following fully paid ordinary shares to raise capital for marketing costs in connection with the launch of the PeriCoach System, and working capital expenses:

On 8 October 2014 Analytica allotted 28,333,334 fully paid ordinary shares at $0.03 per share.

On 5 November 2014 Analytica allotted 85,540,964 fully paid ordinary shares at $0.03 per share as a result of its 1 for 8 entitlement offer.

On 5 November 2014 Analytica privately placed a further 9,984,332 fully paid ordinary shares at $0.03 per share.

### 19 Issued Capital continued

#### (a) Ordinary shares continued

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Parent. On a show of hands at meetings of the Parent, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Parent does not have authorised capital or par value in respect of its shares.

#### (b) Options

(i) For information relating to the Analytica Limited employee option plan, including details of options issued, exercised and lapsed during the year and the options outstanding at year-end, refer to Note 23 Share-based payments.

(ii) For information relating to share options issued to key management personnel during the year, refer to Note 23.

#### (c) Capital Management

Management controls the capital of Analytica Limited in order to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Capital consists of share capital, reserves and retained profit.

There are no externally imposed capital requirements.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

The target for Analytica Limited's gearing ratio is between 0% and 50%. The gearing ratios at the current and prior years are shown below:

Debt to equity gearing ratio for 2015 is 0% (2014: 0%)

There have been no changes in the strategy adopted by management during the year.

### 20 Contingencies

In the opinion of the Directors, the Parent did not have any contingencies at 30 June 2015 (30 June 2014 :None).

### 21 Operating Segments

#### Segment information

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

### 21 Operating Segments continued

**Identification of reportable segments continued**

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements.

Performance is measured based on segment profit before income tax as included in the internal financial reports.

**Types of products and services by reportable segment**

(i) Medical Devices

- AutoStart Burette

- PeriCoach (Perineometer)

- ELF 2

Analytica's lead product is the Perineometer device branded PeriCoach, to assist women and their clinicians in treatment of Stress Urinary Incontinence. The PeriCoach entered controlled market release in June 2014, with clinical trials undertaken in November 2014, with its public release in January 2015.

Analytica is also commercialising the AutoStart Burette infusion system. The AutoStart Burette set automatically restarts the delivery of intravenous fluid once the burette has dispensed its predetermined amount of liquid or drug. Automatic restart of the IV fluid, once the drug is dispensed can provide enormous savings in nursing time during and following a medication event, and reduces the risk of blood clots forming that may obstruct the intravenous canula.

Analytica has licensed the AutoStart Burette and other burette intellectual property to Medical Australia (Formerly BMDI Tuta) for distribution in the Australian Market. The AutoStart Burette has a TGA ARTG entry, CE-marking, and USFDA 510(k) 'approval'. Distribution agreement has been signed with Taiwan Allied Dragon who are negotiating registration of the AutoStart Burette in Taiwan.

Analytica continues the development of this medical device for treatment of muscular spasticity. The ELF2 device delivers a low-frequency voltage used by neurologists to locate nerve endings during Botulinum neurotoxin A injection treatment. Analytica’s development of this device, licenced from Gorman ProMed Ltd in 2012, is to enhance usability features of a device currently in use and respected by the market.

## 21 Operating Segments continued

**Types of products and services by reportable segment continued**

(ii) Corporate

The corporate segment includes all other operations including the administration, and associated listed public company expenditure.

**Basis of accounting for purposes of reporting by operating segments**

### (a) Accounting policies adopted

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Income tax expense*

Income tax expense is calculated based on the segment operating net profit using a notional charge of 30%. The effect of taxable or deductible temporary difference is not included for internal reporting purposes.

### (b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

### (c) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

# Notes to the Financial Statements

## For the Year Ended 30 June, 2015

### 21 Operating Segments continued

#### (d) Segment performance

| | Medical Devices | | Corporate | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | $ | $ | $ | $ | $ | $ |
| **REVENUE** | | | | | | |
| R&D tax incentive revenue | **-** | - | **988,107** | 559,668 | **988,107** | 559,668 |
| Sales revenue | **73,824** | - | **-** | - | **73,824** | - |
| Royalty revenue | **6,228** | 5,506 | **-** | - | **6,228** | 5,506 |
| Interest revenue | **-** | - | **51,218** | 22,309 | **51,218** | 22,309 |
| Loss on sale of equipment | **-** | - | **(194)** | - | **(194)** | - |
| **Total segment revenue** | **80,052** | 5,506 | **1,039,131** | 581,977 | **1,119,183** | 587,483 |
| Depreciation and amortisation | **(76,376)** | (7,394) | **(16,989)** | (9,514) | **(93,365)** | (16,908) |
| Cost of sales | **(22,784)** | - | **-** | - | **(22,784)** | - |
| Interest expense | **-** | - | **(384)** | (3,104) | **(384)** | (3,104) |
| Marketing | **(2,292,793)** | (396,620) | **-** | - | **(2,292,793)** | (396,620) |
| Patent Maintenance | **(86,778)** | (150,763) | **-** | - | **(86,778)** | (150,763) |
| Other expense | **-** | - | **(1,103,175)** | (1,000,302) | **(1,103,175)** | (1,000,302) |
| Research and development | **(2,835,508)** | (2,195,794) | **-** | - | **(2,835,508)** | (2,195,794) |
| **Total segment expense** | **(5,314,239)** | (2,750,571) | **(1,120,548)** | (1,012,920) | **(6,434,787)** | (3,763,491) |
| **Segment operating profit (loss)** | **(5,234,187)** | (2,745,065) | **(81,417)** | (430,943) | **(5,315,604)** | (3,176,008) |

#### (e) Segment assets

| | | | | | | |
|---|---|---|---|---|---|---|
| **Segment assets** | **117,184** | 176,816 | **943,009** | 2,574,975 | **1,060,193** | 2,751,791 |
| **Financial assets at fair value through profit and loss** | **-** | - | **19,850** | 73,130 | **19,850** | 73,130 |

#### (f) Segment liabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| **Segment liabilities** | **-** | - | **(698,994)** | (450,399) | **(698,994)** | (450,399) |

#### (g) Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Australia | **1,119,376** | **175,416** | 587,483 | 271,593 |

# Notes to the Financial Statements
## For the Year Ended 30 June, 2015

### 22 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| Profit for the year | **(5,315,604)** | (3,176,008) |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - amortisation | **71,349** | 7,215 |
| - depreciation | **22,017** | 9,693 |
| - fair value adjustment Invion Limited (previously CBio Limited) | **53,280** | (39,699) |
| - net (gain)/loss on disposal of property, plant and equipment | **194** | - |
| - share options expensed | **-** | 534,737 |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: | | |
| - (increase)/decrease in trade and other receivables | **17,159** | (23,064) |
| - (increase)/decrease in prepayments | **309,727** | (373,950) |
| - (increase)/decrease in inventories | **(54,522)** | (177,171) |
| - increase/(decrease) in trade and other payables | **218,964** | 141,148 |
| - increase/(decrease) in provisions | **10,895** | 12,455 |
| - increase/(decrease) in employee benefits | **26,511** | 30,399 |
| Cashflow from operations | **(4,640,030)** | (3,054,245) |

### 23 Share-based Payments

At 30 June, 2015 the Group has the following share-based payment schemes:

The Analytica Limited Employee Options Plan is designed as an incentive for senior managers and above. Under the plan, participants are granted options which only vest if certain performance standards are met. Once granted the options have a vesting period of 5 years and employees may exercise the options for a further 5 years after the vesting date. There are no cash settlement alternatives.

Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to death.

No options were exercised during the current financial year.

### 23 Share-based Payments continued

The Group established the Analytica Limited Employee Option Plan on 30 October 2013.

A summary of the Parent's unlisted options issued is as follows:

| 2015<br>Grant Date | Expiry Date | Exercise price (cents) | Start of the year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|---|---|---|---|---|---|---|---|---|
| 30 October 2013 | 29 October 2018 | 3.24 | 13,500,000 | - | - | - | 13,500,000 | - |
| 12 February 2014 | 12 February 2019 | 4.50 | 5,000,000 | - | - | - | 5,000,000 | - |
| 22 May 2014 | 22 May 2019 | 7.38 | 4,375,000 | - | - | - | 4,375,000 | - |

2014:

(a) On 11 November 2013 the company issued 13,500,000 unlisted options under the Company's Employee Share Option plan. These options have a 5 year term and an exercise price of 3.24 cents.

(b) On 12 February 2014 the company issued 5,000,000 unlisted options under the Company's Employee Share Option plan, for the purpose of CEO appointment incentive.

(c) On 22 May 2014 the company issued 4,375,000 unlisted options. These have a 5 year term and an exercise price of 7.38 cents.

### 24 Related Parties

**(a) The Group's main related parties are as follows:**

*(i) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 4: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

Loan facility to the company up to $400,000 provided by Dr Monsour. Balance unused at reporting date (2014:nil).

*(ii) Subsidiaries:*

The consolidated financial statements include the financial statements of Analytica Limited and the following subsidiaries:

| Name of subsidiary | % ownership interest 2015 | % ownership interest 2014 |
|---|---|---|
| PeriCoach Pty Ltd | 100.0 | - |

## 24 Related Parties continued

### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

During the year accounting services were provided to the company by Avance Chartered Accountants, a firm which director Mr Ross Mangelsdorf is a partner. Fees of $95,200 (2014:$73,000) were charged for these services to 30 June 2015, plus preparation of the annual tax return of $11,500 (2014:$8,545).

## 25 Financial Risk Management

The Parent is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Parent's objectives, policies and processes for managing and measuring these risks.

The Parent's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Parent does not speculate in financial assets.

The most significant financial risks to which the Parent is exposed to are described below:

**Specific risks**

- Market risk - currency risk, cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

**Financial instruments used**

The principal categories of financial instrument used by the Parent are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Investments in listed shares
- Trade and other payables

## 25 Financial Risk Management continued

### Objectives, policies and processes

The CFO has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Parent, these policies and procedures are tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which Parent is exposed is provided below.

### Liquidity risk

Liquidity risk arises from the Parent's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Parent will encounter difficulty in meeting its financial obligations as they fall due.

The Parent's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Parent maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Parent manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Parent expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Parent's liabilities have contractual maturities which are summarised below:

| | **Not later than 1 month** | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| Bank overdraft and loans | **2,568** | 10,342 |
| Trade payables | **488,817** | 279,679 |
| **Total** | **491,385** | 290,021 |

### Market risk

*(i) Foreign currency sensitivity*

Most of the Parent transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Parent's overseas sales and purchases, which are primarily denominated in USD and CHF.

The Company did not actively reduce exposure of foreign currency risk by utilising forward exchange contracts for non-Australian Dollar cash flows during the 2015 or 2014 year.

### 25 Financial Risk Management continued

**Market risk continued**

Whilst these forward contracts are economic hedges of the cash flow risk, the Parent does not apply hedge accounting to these transactions. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Generally, the Parent's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

Foreign currency denominated assets translated into Australian Dollars at the closing rate are included in the inventory balance of $117,184 (2014:$177,170). Net currency gains/losses of $27,923 (2014:$2,271) are disclosed in the statement of profit and loss. Any increase or decrease in exchange rates would not significantly impact users of the financial statements, as such no sensitivity analysis is disclosed.

(ii) Cash flow interest rate sensitivity

The Parent is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Parent's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Parent is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2.00% and -2.00% (2014: +2.00%/-2.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | **+2.00%** | **-2.00%** | **+2.00%** | **-2.00%** |
| | **$** | **$** | **$** | **$** |
| **Cash and cash equivalents** | | | | |
| Net results | **11,631** | **(11,631)** | 39,157 | (39,157) |
| Equity | **11,631** | **(11,631)** | 39,157 | (39,157) |
| **Borrowings** | | | | |
| Net results | **(51)** | **51** | (207) | 207 |
| Equity | **(51)** | **51** | (207) | 207 |

(iii) Other price risk

The Parent are exposed to equity securities price risk. This arises from listed and unlisted investments held by the Parent and classified as available-for-sale on the consolidated statement of financial position.

## 25 Financial Risk Management continued

Equity instruments are held for strategic rather than trading purposes and the Parent does not actively trade these investments.

The Parent is not exposed to commodity price risk.

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the investment reserve.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Parent.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Parent has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Parent's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### 26 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets

**Fair value hierarchy**

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---|---|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

The table below shows the assigned level for each asset and liability held at fair value by the Group:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **30 June, 2015** | **$** | **$** | **$** | **$** |
| **Recurring fair value measurements** | | | | |
| Listed shares | **19,850** | **-** | **-** | **19,850** |
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **30 June, 2014** | **$** | **$** | **$** | **$** |
| **Recurring fair value measurements** | | | | |
| Listed shares | 73,130 | - | - | 73,130 |

### 27 Events Occurring After the Reporting Date

A capital raising was completed in August 2015 where 358,117,144 shares were issued at A $0.008

119,372,193 options exercisable by the 29th February 2016 at A $0.011 were issued.

119,372,193 options exercisable by the 28th February 2018 at A $0.014 were issued.

Except for the above, no other matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

# Notes to the Financial Statements
## For the Year Ended 30 June, 2015

### 28 Company Details

**The registered office of the company is:**

Analytica Limited
c/o Avance Chartered Accountants
10 Torquay Road, Pialba
Hervey Bay  Qld  4655

Telephone: (07) 3278 1950

Share Registry
Link Market Services
Level 15, 324 Queen Street
Brisbane, Queensland 4000

Telephone: +61 1300 554 474
Email: registrars@linkmarketservices.com.au

The postal address for the registered office of the company is:
Analytica Limited
PO Box 438
Maryborough  Qld  4650

The principal place of business is:
320 Adelaide Street
Brisbane  Qld  4000
Telephone: (07) 3278 1950