Allegra Orthopaedics Limited

(Formerly known as Advanced Surgical Design & Manufacture Limited)

ABN 71 066 281 132

Annual Report - 30 June 2015

Directors	Peter Kazacos Peter Welsh Anthony Hartnell (appointed 26 November 2014)
Company secretary	Richard Ulrick
Notice of annual general meeting	The details of the annual general meeting of Allegra Orthopaedics Limited are: Unit 2 12 Frederick Street St Leonards, NSW 2065 Wednesday 28 October 2015 at 10:00 am (AEST)
Registered office	Unit 2 12 Frederick Street St Leonards, NSW 2065 Head office telephone: 02 9439 4448
Share register	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Shareholders enquiries: 1300 554 474
Auditor	PwC Darling Park Tower 2 201 Sussex Street Sydney, NSW 2000
Bankers	Commonwealth Bank of Australia PO Box 327 Silverwater, NSW 2128
Stock exchange listing	Allegra Orthopaedics Limited shares are listed on the Australian Securities Exchange (ASX code: AMT)
Website	www.allegraorthopaedics.com
Corporate Governance Statement	http://www.allegraorthopaedics.com/corporate-governance

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Allegra Orthopaedics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of Allegra Orthopaedics Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Kazacos
Peter Welsh
Anthony Hartnell (appointed on 26 November 2014)
John O'Meara (term expired on 26 November 2014)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the sale, manufacture and design of medical implants. This remained unchanged from the previous year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $855,056 (30 June 2014: $62,783).

Revenue

Total revenue for the year ended 30 June 2015 ("FY15") was $7,326,925, representing a decrease of 8% from the 2014 financial year ("FY14").

This decrease was a direct impact of the acquisition of Small Bone Innovations Inc effective 31 December 2014 by Stryker Inc. The sales figures for FY15 include 6 months of sales for the range against a full year in FY14.

Net profit from ordinary activities

The consolidated entity's earnings before interest, tax and depreciation and amortisation ("EBITDA") in FY15 was a profit of $69,610 compared to profit of $704,257 in FY14.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of Allegra Orthopaedics Limited and EBITDA.

	Consolidated	
	2015 $	2014 $
EBITDA	69,610	704,257
Less: Depreciation and amortisation	(776,223)	(782,141)
Less: Finance cost	(158,706)	(227,976)
Add: Interest income	10,263	5,910
Loss after income tax expense from continuing operations	(855,056)	(299,950)
Profit/(loss) after income tax expense from discontinued operations	-	237,167
Loss after income tax	(855,056)	(62,783)

During FY15 there continued a focus on streamlining manufacturing processes which will continue into FY16. The consolidated entity is looking at various options to maximise margin gains to drive down costs and improve efficiencies and improve yields.

Allegra was successful during the year in achieving a significant milestone around government funding for the synthetic bone substitute project licensed from The University of Sydney in early 2014. As part of the NSW Government's Office of Health and Medical Research Medical Devices Grant program the group received $1,550,000 in grant funding to accelerate the project. This has been used to initiate further studies in animals and transition the manufacturing from a university lab into a more commercial environment. This pipeline project remains in the early stages but we have had initial discussions with the US FDA to discuss the appropriate regulatory pathways.

Corporate and administration expenses have increased by $235,714 represented by consultants relating to corporate activities $100,000, costs associated with milestone payments relating to the agreement with The University of Sydney $40,000 and short term incentives of $55,000.

Allegra's competitive advantage is local capability in concept design and product delivery. This unique market offering provides for a responsive and dynamic organisation. During FY15, this development and continued alignment of our R&D to support our orthopaedic products and customers led to an increase of $186,698 to $1,579,818 (30 June 2014: $1,393,120).

Over the past year, Allegra has delivered its initial set of pilot instruments for the Active Total Knee Replacement system working closely with local innovators and surgeons. This development supports the Active Knee's long and successful clinical history with a new approach to surgical procedures that will provide a wider access to market segment opportunities.

Net loss after tax was $855,056 (30 June 2014: Net loss after tax of $62,783). This result is after the expensing of all research and development related expenses.

Cash position
The cash balance at 30 June 2015 was $1,083,145, with headroom under the debtors financing facility from Scottish Pacific which will enable growth and security in coming periods.

Outlook
In 2015-2016, Allegra will continue to seek innovative revenue channels that match our capabilities and leverage our new corporate brand identity that will underpin our commitment and focus on opportunities into the future. Additionally, we will continue to concentrate on surgeon education and training through specialised cadaveric lab experiences that provide the fundamentals for the most effective and efficient patient outcomes.

Allegra is committed to developing a highly trained and skilled medical device workforce that collaborates with our partners to deliver innovation and patient focused outcomes.

Significant changes in the state of affairs
On 27 November 2014 the company changed its name to Allegra Orthopaedics Limited.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Management plans to focus on the core competencies of the business in implant manufacture through driving efficiency programs to improve yield and effectiveness of the operating activities. In addition, the company will continue to harness our project delivery capabilities in development of research and development projects around the implant hardware and synthetic bone scaffold segments.

Management are also tasked with the objective of seeking additional revenue streams with new products either internally generated or externally sourced to balance our portfolio of product offerings and provide continued revenue growth.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Peter Kazacos
Title:	Non-Executive Director and Chairman
Qualifications:	B.E, B.Sc.
Experience and expertise:	Peter has over 40 years' experience in the IT industry. He founded KAZ in 1988, guided it from a small IT services company in NSW to one of Asia Pacific's leading IT services and business process outsourcing service providers with over 4,000 employees, as a fully owned subsidiary of Telstra. He also founded Anittel Ltd, building it into one of Australia's leading IT&C service providers operating outside the major metropolitan areas, leading to its acquisition in 2010 by Anittel Group Limited, representing a major strategic milestone in the transformation and convergence of the IT&T industry. Prior to founding KAZ and Anittel, Peter held a number of senior technical positions in the Australian IT industry with leading Australian organisations. Peter was the recipient of the inaugural Australian Entrepreneur of the Year 2001 award in the Technology, Communications, E-Commerce and Biotechnology category.
Other current directorships:	Executive Chairman of Axxis Technology Group Limited (ASX: AYG)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee
Interests in shares:	1,045,084 ordinary shares
Interests in options:	None

Name:	Peter Welsh
Title:	Executive Director and Managing Director
Experience and expertise:	Peter has 46 years' experience in the medical device and health care industry. The last 30 years directly involved with orthopaedics. He was the first NSW distributor for Richards Medical Company, now part of Smith and Nephew, selling orthopaedic implants and arthroscopy products. He also set up Knee Developments Australia ('KDA'). This company was the manufacturer and worldwide distributor for anterior cruciate ligament ('ACL') products. KDA became the market leader in ACL implants and instruments with sales in many countries around the world. It was sold to Dyonics, a subsidiary of Smith and Nephew.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee
Interests in shares:	7,123,132 ordinary shares
Interests in options:	None

Name:	Anthony Hartnell (appointed 26 November 2014)
Title:	Non-Executive Director
Qualifications:	BEc LLB (Hons) (ANU), LLM (Highest Hons) (George Washington University)
Experience and expertise:	Anthony who has been honoured as an Officer in the Order of Australia has had a distinguished legal career in both government and private practice. He is the founding partner of Atanaskovic Hartnell, a legal firm specialising in corporate and commercial law, particularly covering corporate financing, takeovers and regulatory issues. He was the inaugural Chairman of the Australian Securities Commission. He has chaired a number of ASX-listed companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Interests in shares:	22,565,878 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Richard Ulrick (BA, LLB, Dip Fin Mgt, FGIA, CPA) is engaged by way of a services agreement between the company and Company Secretarial & Legal Services Pty Ltd which he established. Richard is a Solicitor of the Supreme Court of NSW and has more than 30 years' experience in company secretarial and general counsel roles.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Peter Kazacos	11	11	2	2	4	4
Peter Welsh	11	11	2	2	4	4
Anthony Hartnell	7	7	1	1	2	2
John O'Meara	4	4	1	1	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and other key management personnel ('KMP') arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP is defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

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

Principles used to determine the nature and amount of remuneration

As a medical device sales, manufacturing, design and distribution company competing against global multi-nationals, the company and consolidated entity require a board and senior management team that have both the technical capability and relevant experience to execute the company's and consolidated entity's business plan.

The consolidated entity's KMP remuneration framework developed as economic conditions and the financial performance of the consolidated entity permits. The objective continues to be to ensure reward for performance is competitive and appropriate for the results delivered.

The remuneration structures explained below are designed to attract suitably qualified candidates, retain key employees, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The remuneration structures take into account:

- Key criteria for good reward governance practices, namely: competitiveness and reasonableness, alignment to shareholders' interests, alignment of KMP remuneration with performance, transparency and capital management;
- The capability and experience of the KMP;
- The ability of KMP to control performance; and
- The consolidated entity's earnings and company share price performance.

Remuneration Committee
The Nomination and Remuneration Committee is responsible for ensuring that there is gender parity in the remuneration levels of employees and believes this to be the case.

The remuneration structures are intended to motivate employees for quality short and long term performance. The mix between short term and long term variable components is to maintain a focus on the sustainable short term performance of the consolidated entity, whilst ensuring its positioning for its longer term success.

Remuneration Structure
In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
The aggregate remuneration that may be paid to non-executive directors is a maximum of $500,000 per annum. This remuneration may be divided among the non-executive directors in such a manner as the Board may determine. The maximum may not be increased without prior approval from shareholders at a general meeting. Directors will seek approval from time to time as deemed appropriate.

Fees and payments to non-executive directors are intended to reflect the demands which are made on, and the responsibilities of, the directors.

Payments to non-executive directors are reviewed annually by the Board. The base remuneration has not changed since 1 July 2008. The Board has regard to information from external remuneration sources to ensure non-executive directors' fees and payments are appropriate within the fiscal constraints of a growing company and in line with the market. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

As non-executive directors assess individual and the consolidated entity performance, their remuneration does not have a variable performance related component.

Non-executive directors do not receive share options.

Executive remuneration
The consolidated entity aims to reward KMP with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The KMP remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

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

Fixed remuneration
Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including employer contributions to superannuation funds, except the CEO's which excludes superannuation). This base remuneration is structured to be reasonable and fair relative to the scale of the consolidated entity's business. It assumes the fulfilment of core performance requirements and expectations.

Remuneration levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the consolidated entity. In addition, regard is had to information from publically available external remuneration sources to ensure senior KMP' remuneration is competitive in the market place having regard to the size of the consolidated entity and the fiscal constraints of a growing company.

Consolidated entity performance and link to remuneration
Performance linked remuneration is designed to reward KMP for meeting or exceeding their financial and personal objectives. Refer to the 'Additional information' section of the remuneration report for details of the earnings and total shareholders return, from 1 July 2010.

Short-term incentive ('STI')
At this stage in the consolidated entity's development, shareholder wealth is enhanced by the achievement of objectives in the development of the consolidated entity's products, within a framework of prudent financial management and consistent with the consolidated entity's annual business plan.

If the consolidated entity exceeds a pre-determined Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') target set by the Nomination and Remuneration Committee, a short-term incentive ('STI') pool also set by the Nomination and Remuneration Committee is available to KMP during the annual review. This target ensures variable reward is only available when value has been created for shareholders and when earnings are consistent with the business plan.

The CEO has a target STI opportunity depending on the accountabilities of the role and impact on the consolidated entity's performance. The maximum target bonus opportunity approximates 20% of total remuneration.

The Nomination and Remuneration Committee determines whether objectives have been met. The STI bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the Committee.

Long-term incentives ('LTI')
The long-term incentive is intended to be provided to KMP other than non-executive directors as ordinary shares of the company.

The ability to obtain the shares will generally be conditional on the individual achieving certain performance hurdles, such as service conditions and the achievement of key performance indicators ('KPIs'). However, shares may be granted on whatever terms are required and appropriate to secure the services of KMP. The Nomination and Remuneration Committee is required to approve the number of shares that ultimately vest.

Accordingly, where shares are issued, they are generally conditional upon the individual achieving certain performance hurdles.

The consolidated entity's Securities Dealing Policy prohibits transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Use of remuneration consultants
During the financial year ended 30 June 2015, the company and consolidated entity did not engage the use of remuneration consultants.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')
At the last AGM less than 1% of the votes received were against the adoption of the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and other KMP of the Company are set out in the following tables.

The KMP of the consolidated entity consisted of the directors of the Company and the following persons:
- Richard Ulrick - Company Secretary
- Tom Milicevic - Chief Executive Officer

2015	Short-term benefits Cash salary and fees $	Short-term benefits Bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Employee leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Peter Kazacos (Chairman)	62,520	-	-	-	-	-	62,520
Anthony Hartnell	11,836	-	-	-	-	-	11,836
John O'Meara	8,500	-	-	-	-	-	8,500
Executive Directors:							
Peter Welsh	20,000	-	-	-	-	-	20,000
Other Key Management Personnel:							
Richard Ulrick	62,187	-	-	-	-	-	62,187
Tom Milicevic	284,269	65,000	-	26,932	14,613	24,000	414,814
	449,312	65,000	-	26,932	14,613	24,000	579,857

2014	Short-term benefits Cash salary and fees $	Short-term benefits Bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Employee leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Peter Kazacos (Chairman)*	62,500	-	-	-	-	-	62,500
John O'Meara	20,000	-	-	-	-	-	20,000
Executive Directors:							
Peter Welsh	20,000	-	-	-	-	-	20,000
Other Key Management Personnel:							
Richard Ulrick	58,800	-	-	-	-	-	58,800
Tom Milicevic	241,930	10,000	-	24,026	7,568	10,000	293,524
	403,230	10,000	-	24,026	7,568	10,000	454,824

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Non-Executive Directors:						
Peter Kazacos	100%	100%	-%	-%	-%	-%
Anthony Hartnell	100%	-%	-%	-%	-%	-%
John O'Meara	100%	100%	-%	-%	-%	-%
Executive Directors:						
Peter Welsh	100%	100%	-%	-%	-%	-%
Other Key Management Personnel:						
Richard Ulrick	100%	100%	-%	-%	-%	-%
Tom Milicevic	76%	94%	17%	3%	7%	3%

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2015	2014	2015	2014
Other Key Management Personnel:				
Tom Milicevic	100%	100%	-%	-%

Service agreements
On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

Remuneration and other terms of employment for key management personnel (other than directors and company secretary) are formalised in service agreements. Details of these agreements are as follows:

Name:	Tom Milicevic
Title:	Chief Executive Officer
Agreement commenced:	1 July 2014. New contract was approved on 25 February 2015
Details:	The contract of employment as CEO is for 2 years and provides for a base salary for the year commencing 1 July 2014 of $257,500 per annum (plus superannuation) increasing to $283,250 per annum from 1 November 2014. The base salary is subject to annual review. An annual performance bonus initially totalling a maximum $55,000 may be payable upon the achievement of relevant KPIs. A grant of 100,000 shares in the company will be issued at the expiration of each year of the contract. Either party may terminate the contract on the giving of 3 months' notice.

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

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Grant Date	Shares	Fair Value	$
Tom Milicevic	25/02/2015	100,000	$0.08	8,000

The shares were approved by the board on 25 February 2015 dependent on continuing employment until 30 June 2015, and the board issued these shares on 31 July 2015.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2015.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Additional information
The Board considers that the above performance-linked remuneration structures will generate the desired outcome based on the experience of other companies.

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2011 $	2012 $	2013 $	2014 $	2015 $
Sales revenue	7,370,000	7,954,000	7,156,000	7,965,762	7,316,662
EBITDA	(1,743,000)	1,431,000	788,000	704,257	69,610

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2011	2012	2013	2014	2015
Share price at financial year end ($)	0.27	0.15	0.11	0.06	0.25

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Peter Kazacos	715,810	-	329,274	-	1,045,084
John O'Meara	300,000	-	-	-	300,000
Peter Welsh	7,123,132	-	-	-	7,123,132
Anthony Hartnell	-	-	22,565,878	-	22,565,878
Richard Ulrick	197,453	-	90,829	-	288,282
Tom Milicevic	371,335	-	-	-	371,335
	8,707,730	-	22,985,981	-	31,693,711

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Allegra Orthopaedics Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Allegra Orthopaedics Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

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

During the financial year, the company paid a premium of $23,045 in respect of a contract to insure the directors and company secretary of the company against a liability to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the consolidated entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Officers of the company who are former partners of PricewaterhouseCoopers

There are no officers of the company who are former partners of PricewaterhouseCoopers.

Auditor's independence declaration

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

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Peter Kazacos
Director

27 August 2015
Sydney

Auditor's Independence Declaration

As lead auditor for the audit of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) and the entities it controlled during the period.

Sumanth Prakash
Partner
PricewaterhouseCoopers

Sydney
27 August 2015

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Contents

General information

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

Allegra Orthopaedics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 2
12 Frederick Street
St Leonards NSW 2065

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2015. The directors have the power to amend and reissue the financial statements.

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue from continuing operations	4	7,326,925	7,971,672
Other income	5	1,502,922	817,000
Expenses			
Cost of sales and purchases of consumables		(3,556,839)	(3,258,524)
Corporate and administration expenses		(2,487,783)	(2,252,069)
Quality and research and development expenses		(1,579,818)	(1,393,120)
Sales and marketing expenses		(1,901,757)	(1,956,933)
Finance costs	6	(158,706)	(227,976)
Loss before income tax expense from continuing operations		(855,056)	(299,950)
Income tax expense	7	-	-
Loss after income tax expense from continuing operations		(855,056)	(299,950)
Profit after income tax expense from discontinued operations	8	-	237,167
Loss after income tax expense for the year attributable to the owners of Allegra Orthopaedics Limited	22	(855,056)	(62,783)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Allegra Orthopaedics Limited		(855,056)	(62,783)
Total comprehensive income for the year is attributable to:			
Continuing operations		(855,056)	(299,783)
Discontinued operations		-	237,000
		(855,056)	(62,783)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	34	(1.49)	(0.69)
Diluted earnings per share	34	(1.49)	(0.69)
Earnings per share for profit from discontinued operations attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	34	-	0.54
Diluted earnings per share	34	-	0.54
Earnings per share for loss attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	34	(1.49)	(0.14)
Diluted earnings per share	34	(1.49)	(0.14)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2015 $	Consolidated 2014 $
Assets			
Current assets			
Cash and cash equivalents	9	1,083,145	26,017
Trade and other receivables	10	2,071,597	2,290,146
Inventories	11	2,359,519	3,266,964
Total current assets		5,514,261	5,583,127
Non-current assets			
Receivables	12	-	122,797
Property, plant and equipment	13	1,526,974	2,115,571
Intangibles	14	238,303	213,136
Total non-current assets		1,765,277	2,451,504
Total assets		7,279,538	8,034,631
Liabilities			
Current liabilities			
Trade and other payables	15	2,479,072	1,660,819
Borrowings	16	218,587	1,566,032
Provisions	17	266,823	147,668
Total current liabilities		2,964,482	3,374,519
Non-current liabilities			
Borrowings	18	98,454	233,187
Provisions	19	30,128	257,307
Total non-current liabilities		128,582	490,494
Total liabilities		3,093,064	3,865,013
Net assets		4,186,474	4,169,618
Equity			
Issued capital	20	10,459,629	9,602,217
Reserves	21	565,280	550,780
Accumulated losses	22	(6,838,435)	(5,983,379)
Total equity		4,186,474	4,169,618

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2013	9,602,217	520,780	(5,920,596)	4,202,401
Loss after income tax expense for the year	-	-	(62,783)	(62,783)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(62,783)	(62,783)
Transactions with owners in their capacity as owners:				
Share-based payments (note 35)	-	30,000	-	30,000
Balance at 30 June 2014	9,602,217	550,780	(5,983,379)	4,169,618

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2014	9,602,217	550,780	(5,983,379)	4,169,618
Loss after income tax expense for the year	-	-	(855,056)	(855,056)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(855,056)	(855,056)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	857,412	-	-	857,412
Share-based payments (note 35)	-	14,500	-	14,500
Balance at 30 June 2015	10,459,629	565,280	(6,838,435)	4,186,474

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,470,198	9,454,779
Payments to suppliers and employees (inclusive of GST)		(9,245,400)	(9,804,325)
		(775,202)	(349,546)
Grants received		1,705,000	-
Interest received		10,263	5,910
Interest and other finance costs paid		(158,706)	(227,976)
Income taxes refunded relating to research and development		817,000	544,003
Net cash from/(used in) operating activities	33	1,598,355	(27,609)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(286,745)	(306,474)
Payments for intangibles	14	(106,048)	(85,828)
Proceeds from disposal of investments		-	237,167
Proceeds from disposal of property, plant and equipment		476,332	-
Net cash from/(used in) investing activities		83,539	(155,135)
Cash flows from financing activities			
Proceeds from issue of shares	20	1,000,000	-
(Repayment)/proceeds from debtor finance facility		(686,342)	686,342
Share issue transaction costs		(142,588)	-
Repayment of lease liabilities		(525,816)	(465,000)
Repayments of borrowings - related party		(270,020)	(300,000)
Net cash used in financing activities		(624,766)	(78,658)
Net increase/(decrease) in cash and cash equivalents		1,057,128	(261,402)
Cash and cash equivalents at the beginning of the financial year		26,017	287,419
Cash and cash equivalents at the end of the financial year	9	1,083,145	26,017

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- Interpretation 21 Levies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Allegra Orthopaedics Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Allegra Orthopaedics Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods
A sale is recorded when goods have been shipped to the customer, the customer has accepted the goods and collectability of the related receivables is probable.

Lease income
Lease income from operating leases is recognised in income on an accrual basis.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue, such as the research and development tax offset, is recognised when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost consists of expenditure on direct materials and delivery, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Note 1. Significant accounting policies (continued)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

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 are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	2-20 years
Fixtures and fittings	2-13 years
Leasehold improvements	2-10 years
Instrument sets	5-7 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website
Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between 10 and 20 years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 1 and 20 years.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Costs included in research and development are external direct costs and direct payroll and related costs based on employee's time spent on the project.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Share-based compensation benefits are provided to employees via the ASDM Employee Option Plan and an employee share scheme. Information relating to these schemes is set out in note 35.

The fair value of options granted under the ASDM Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Note 1. Significant accounting policies (continued)

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Allegra Orthopaedics Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an ‘expected credit loss’ (‘ECL’) model to recognise an allowance. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed which is not considered material for the consolidated entity. The consolidated entity is yet to assess the impact of the standard.

IFRS 15 Revenue from Contracts with Customers
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services). The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed which is not considered material for the consolidated entity. The consolidated entity is yet to assess the impact of the standard.

Note 1. Significant accounting policies (continued)

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:

• AASB 14 Regulatory Deferral Accounts (from 1 January 2016)
• AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018)
• AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
• AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
• AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017)
• AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants (from 1 January 2016)
• AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018)
• AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015)
• AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
• AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016)
• AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016)
• AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)
• AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015)
• 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015)
• AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (from 1 January 2016)

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the sale, manufacture and design of surgical implants. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity operates predominately in one geographical region being Australia.

Major customers
During the year ended 30 June 2015 approximately 28.3% ($2.1m) and 21.5% ($1.6m) (2014: 31.2% ($2.5m) and 18.5% ($1.5m)) of the consolidated entity's external revenue was derived from sales to two major hospital groups.

Segment results

Management reviews EBITDA to make decisions. The following table summarises key reconciling items between statutory loss after tax attributable to the shareholders of the consolidated entity and EBITDA.

Consolidated - 2015	Total $
EBITDA	69,610
Depreciation and amortisation	(776,223)
Interest revenue	10,263
Finance costs	(158,706)
Loss before income tax expense	(855,056)
Income tax expense	-
Loss after income tax expense	(855,056)

Consolidated - 2014	Total $
EBITDA	704,257
Depreciation and amortisation	(782,141)
Interest revenue	5,910
Finance costs	(227,976)
Profit from discontinued operations	237,167
Loss before income tax expense	(62,783)
Income tax expense	-
Loss after income tax expense	(62,783)

Segment assets and liabilities
For segment assets and liabilities, refer to the statement of financial position.

Note 4. Revenue

	Consolidated 2015 $	Consolidated 2014 $
From continuing operations		
Sales revenue		
Sale of goods	7,316,662	7,965,762
Other revenue		
Interest	10,263	5,910
Revenue from continuing operations	7,326,925	7,971,672

Note 5. Other income

	Consolidated 2015 $	Consolidated 2014 $
Net gain on disposal of property, plant and equipment	296,332	-
Government grants	309,065	-
Other income	29,004	-
Research and development tax offset	868,521	817,000
Other income	1,502,922	817,000

Note 6. Expenses

	Consolidated 2015 $	Consolidated 2014 $
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	160,225	183,108
Fixtures and fittings	187,923	206,049
Leasehold improvements	63,339	63,045
Instrument sets	283,855	304,835
Total depreciation	695,342	757,037
Amortisation		
Website	2,465	12,025
Patents and trademarks	78,416	13,079
Total amortisation	80,881	25,104
Total depreciation and amortisation	776,223	782,141
Impairment		
Inventories	52,500	94,555
Trade receivables	-	10,560
Total impairment	52,500	105,115
Finance costs		
Interest and finance charges paid/payable	158,706	227,976
Minimum lease payments - operating lease expense	432,686	421,980
Net foreign exchange loss	169,222	113,397
Share-based payments expense	14,500	30,000
Defined contribution superannuation expense	209,265	248,747
Employee benefits expense excluding superannuation	2,328,962	2,362,011

Note 7. Income tax expense

	Consolidated 2015 $	Consolidated 2014 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(855,056)	(299,950)
Profit before income tax expense from discontinued operations	-	237,167
	(855,056)	(62,783)
Tax at the statutory tax rate of 30%	(256,517)	(18,835)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	3,282	2,000
Share-based payments	4,350	9,000
Concessional research and development expenditure treatment	579,014	545,000
Sundry items	(205,392)	(214,165)
	124,737	323,000
Carried forward income tax losses utilised	(104,124)	(318,000)
Share raising cost recognised directly in equity	(20,613)	(5,000)
Income tax expense	-	-

	Consolidated 2015 $	Consolidated 2014 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	3,429,779	3,777,000
Potential tax benefit @ 30%	1,028,934	1,133,100

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised against future taxable income if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Discontinued operations

Description
On 12 July 2013, the consolidated entity signed an agreement with Orthofix Australia Pty Ltd for the disposal of its spinal business. This business has therefore been treated as a discontinued operation.

Financial performance information

	Consolidated 2015 $	Consolidated 2014 $
Gain on sale before income tax	-	237,167
Income tax expense	-	-
Gain on disposal after income tax expense	-	237,167
Profit after income tax expense from discontinued operations	-	237,167

Note 8. Discontinued operations (continued)

Cash flow information

	Consolidated 2015 $	Consolidated 2014 $
Net cash used in operating activities	-	(39,000)

Note 9. Current assets - cash and cash equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash on hand	1,083,145	26,017

Note 10. Current assets - trade and other receivables

	Consolidated 2015 $	Consolidated 2014 $
Trade receivables	844,036	1,251,132
Other receivables	150,311	2,324
Research and development tax receivable	868,521	817,000
	1,018,832	819,324
Prepayments	208,729	219,690
	2,071,597	2,290,146

Impairment of receivables
The consolidated entity has recognised a provision $nil (2014: $nil) in corporate and administration expenses in profit or loss, in respect of impairment of receivables for the year ended 30 June 2015.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $240,166 as at 30 June 2015 ($728,398 as at 30 June 2014).

These relate to a number of independent customers for whom there is no recent history of default.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2015 $	Consolidated 2014 $
1 to 2 months	190,960	673,323
3 to 4 months	49,206	55,075
	240,166	728,398

Note 11. Current assets - inventories

	Consolidated 2015 $	Consolidated 2014 $
Raw materials - at cost	439,229	374,876
Work in progress - at cost	87,391	247,358
Finished goods - at lower of cost or net realisable value	1,832,899	2,623,276
Stock in transit - at cost	-	21,454
	2,359,519	3,266,964

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to $52,500 (2014: $94,555). The expense has been included in 'cost of sales and purchase of consumables' in profit or loss.

Note 12. Non-current assets - receivables

	Consolidated 2015 $	Consolidated 2014 $
Other receivables	-	122,797

Impaired receivables or receivables past due
None of the non-current receivables are impaired or past due but not impaired.

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2015 $	Consolidated 2014 $
Plant and equipment - at cost	4,626,021	6,780,489
Less: Accumulated depreciation	(3,914,305)	(5,915,185)
	711,716	865,304
Fixtures and fittings - at cost	1,917,256	1,963,190
Less: Accumulated depreciation	(1,642,618)	(1,548,167)
	274,638	415,023
Leasehold improvements - at cost	469,820	469,820
Less: Accumulated depreciation	(427,724)	(364,385)
	42,096	105,435
Instrument sets - at cost *	2,449,416	2,571,758
Less: Accumulated depreciation	(1,950,892)	(1,841,949)
	498,524	729,809
	1,526,974	2,115,571

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $	Fixtures and fittings $	Leasehold improvements $	Instrument sets * $	Total $
Balance at 1 July 2013	914,028	494,000	165,738	991,968	2,565,734
Additions	134,384	127,072	2,742	42,676	306,874
Depreciation expense	(183,108)	(206,049)	(63,045)	(304,835)	(757,037)
Balance at 30 June 2014	865,304	415,023	105,435	729,809	2,115,571
Additions	8,637	47,538	-	230,570	286,745
Disposals	(2,000)	-	-	(178,000)	(180,000)
Depreciation expense	(160,225)	(187,923)	(63,339)	(283,855)	(695,342)
Balance at 30 June 2015	711,716	274,638	42,096	498,524	1,526,974

* Includes net book value of finance leased assets of $192,031 (cost: $205,033, accumulated depreciation: $13,002).

Property, plant and equipment secured under finance leases
Refer to note 28 for further information on property, plant and equipment secured under finance leases.

Note 14. Non-current assets - intangibles

	Consolidated 2015 $	Consolidated 2014 $
Website - at cost	141,845	120,630
Less: Accumulated amortisation	(123,094)	(120,630)
	18,751	-
Patents and trademarks - at cost	653,427	608,596
Less: Accumulated amortisation	(433,875)	(395,460)
	219,552	213,136
	238,303	213,136

Note 14. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Website $	Patents and trademarks $	Total $
Balance at 1 July 2013	12,025	140,387	152,412
Additions	-	85,828	85,828
Amortisation expense	(12,025)	(13,079)	(25,104)
Balance at 30 June 2014	-	213,136	213,136
Additions	21,216	84,832	106,048
Amortisation expense	(2,465)	(78,416)	(80,881)
Balance at 30 June 2015	18,751	219,552	238,303

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2015 $	**2014 $**
Trade payables	540,950	696,771
Accrued expenses	1,624,644	601,301
Other payables	313,478	362,747
	2,479,072	1,660,819

Refer to note 24 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2015 $	**2014 $**
Debtor finance facility	-	686,342
Related party loans	-	270,020
Lease liability	218,587	609,670
	218,587	1,566,032

Refer to note 18 for further information on assets pledged as security and financing arrangements.

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities - provisions

	Consolidated 2015 $	Consolidated 2014 $
Employee benefits	57,497	147,668
Lease make good	209,326	-
	266,823	147,668

Note 18. Non-current liabilities - borrowings

	Consolidated 2015 $	Consolidated 2014 $
Lease liability	98,454	233,187

Refer to note 24 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Lease liability	317,041	842,857
Debtor finance facility	-	686,342
	317,041	1,529,199

Assets pledged as security
The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated 2015 $	Consolidated 2014 $
Receivables	-	1,315,000
Plant and equipment	328,159	582,000
	328,159	1,897,000

Note 18. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2015 $	Consolidated 2014 $
Total facilities		
Related party borrowing facility	-	270,020
Lease liability	317,041	842,857
Business card facility	15,000	15,000
Debtor finance facility *	1,500,000	1,500,000
	1,832,041	2,627,877
Used at the reporting date		
Related party borrowing facility	-	270,020
Lease liability	317,041	842,857
Business card facility	-	-
Debtor finance facility *	-	686,342
	317,041	1,799,219
Unused at the reporting date		
Related party borrowing facility	-	-
Lease liability	-	-
Business card facility	15,000	15,000
Debtor finance facility *	1,500,000	813,658
	1,515,000	828,658

* The company is able to draw down up to 80% of the value of sales invoices raised during the month, up to a maximum of $1,500,000.

Note 19. Non-current liabilities - provisions

	Consolidated 2015 $	Consolidated 2014 $
Employee benefits	30,128	47,981
Lease make good	-	209,326
	30,128	257,307

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Note 20. Equity - issued capital

	Consolidated 2015 Shares	Consolidated 2014 Shares	Consolidated 2015 $	Consolidated 2014 $
Ordinary shares - fully paid	63,501,248	43,751,248	10,459,629	9,602,217

Note 20. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2013	43,751,248		9,602,217
Balance	30 June 2014	43,751,248		9,602,217
Shares issued	26 September 2014	1,590,060	$0.05	80,000
Shares issued	28 October 2014	18,409,940	$0.05	920,000
Transaction costs		-	$0.00	(142,588)
Employee shares cancelled *	16 March 2015	(250,000)	$0.00	-
Balance	30 June 2015	63,501,248		10,459,629

* The employee shares have been cancelled as notified to the Australian Securities Exchange and a resolution will be voted on at the next shareholders meeting.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

Note 21. Equity - reserves

	Consolidated	
	2015 $	2014 $
Share-based payments reserve	565,280	550,780

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 21. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $	Total $
Balance at 1 July 2013	520,780	520,780
Share-based payments	30,000	30,000
Balance at 30 June 2014	550,780	550,780
Share-based payments	14,500	14,500
Balance at 30 June 2015	565,280	565,280

Note 22. Equity - accumulated losses

	Consolidated	
	2015 $	**2014 $**
Accumulated losses at the beginning of the financial year	(5,983,379)	(5,920,596)
Loss after income tax expense for the year	(855,056)	(62,783)
Accumulated losses at the end of the financial year	(6,838,435)	(5,983,379)

Note 23. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2015 $	**2014 $**
Franking credits available for subsequent financial years based on a tax rate of 30%	320,477	320,477

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 24. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2015 $**	**2014 $**	**2015 $**	**2014 $**
Euros	-	-	-	3,083
Pound Sterling	2,998	-	3,418	-
New Zealand dollars	-	38,932	-	-
US Dollars	-	-	193,853	330,071
	2,998	38,932	197,271	333,154

The consolidated entity had net liabilities denominated in foreign currencies of $194,273 (assets $2,998 less liabilities $197,271) as at 30 June 2015 (2014: $294,222 (assets $38,932 less liabilities $333,154)). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% (2014: weakened / strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity’s loss before tax for the year would have been $19,427 higher (2014: $29,422 higher) and equity would have been $19,427 lower (2014: $29,422 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2015 was $169,222 (2014: foreign exchange loss of $113,397).

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity’s main interest rate risk arises from long-term borrowings and finance leases. Those issued at variable rates expose the consolidated entity to interest rate risk. Those issued at fixed rates expose the consolidated entity to fair value interest rate risk.

For the consolidated entity the bank, finance leases and other loans outstanding, totalling $317,041 (2014: $1,112,877), are principal and interest payment loans. Minimum principal repayments of $218,587 (2014: $879,690) are due during the year ending 30 June 2015.

The consolidated entity is not exposed to any significant interest rate risk.

Note 24. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

Consolidated	2015 Weighted average interest rate %	2015 Balance $	2014 Weighted average interest rate %	2014 Balance $
Debtor finance facility	-%	-	8.87%	686,342
Net exposure to cash flow interest rate risk		-		686,342

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 2015 $	Consolidated 2014 $
Business card facility	15,000	15,000
Debtor finance facility *	1,500,000	813,658
	1,515,000	828,658

Note 24. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	540,950	-	-	-	540,950
Other payables	-%	313,478	-	-	-	313,478
Interest-bearing - fixed rate						
Lease liability	13.03%	238,470	119,692	-	-	358,162
Total non-derivatives		1,092,898	119,692	-	-	1,212,590

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	696,771	-	-	-	696,771
Other payables	-%	362,747	-	-	-	362,747
Interest-bearing - variable						
Debtor finance facility	8.87%	686,342	-	-	-	686,342
Interest-bearing - fixed rate						
Related party loan	15.00%	270,020	-	-	-	270,020
Finance leases	8.68%	628,178	235,252	98,000	-	961,430
Total non-derivatives		2,644,058	235,252	98,000	-	2,977,310

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2015 $	2014 $
Short-term employee benefits	514,312	413,230
Post-employment benefits	26,932	24,026
Long-term benefits	14,613	7,568
Share-based payments	24,000	10,000
	579,857	454,824

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated 2015 $	2014 $
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	105,575	102,500
Other services - PricewaterhouseCoopers		
Tax compliance services	12,500	12,500
Tax consulting and advice	30,000	30,000
	42,500	42,500
	148,075	145,000

Note 27. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2015 and 30 June 2014.

The consolidated entity has performance guarantee totalling $115,441 at 30 June 2015 (2014: $115,441) in relation to rental commitments.

Note 28. Commitments

	Consolidated	
	2015	**2014**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	243,159	356,516
One to five years	-	243,160
	243,159	599,676
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	238,470	628,178
One to five years	119,692	333,252
Total commitment	358,162	961,430
Less: Future finance charges	(41,121)	(118,573)
Net commitment recognised as liabilities	317,041	842,857
Representing:		
Lease liability - current (note 16)	218,587	609,670
Lease liability - non-current (note 18)	98,454	233,187
	317,041	842,857

The future minimum non-cancellable sub-lease operating lease payments expected to be received by the consolidated entity is $Nil (2014: $Nil).

Operating lease commitments includes contracted amounts for various offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $328,519 (2014: $582,000) under finance leases expiring within one to five years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 29. Related party transactions

Parent entity
Allegra Orthopaedics Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

Note 29. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2015	**2014**
	$	**$**
Payment for goods and services:		
Fee for maintenance and support services from Anittel Group Limited (shareholder and director related entity of Peter Kazacos)	60,789	90,495
Fee for hardware and installation services from Anittel Group Limited (shareholder and director related entity of Peter Kazacos)	-	89,050
Fees paid to Law Corporation (director related entity of Peter Kazacos)	39,000	-
Fees paid to Custom Spine - other related party	-	25,943
Payment for other expenses:		
Interest paid to parties related to Tom Milicevic	13,648	68,383

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2015	**2014**
	$	**$**
Current borrowings:		
Loan with parties related to Tom Milicevic	-	270,020

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2015	**2014**
	$	**$**
Loss after income tax	(796,465)	(63,265)
Total comprehensive income	(796,465)	(63,265)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2015 $	Parent 2014 $
Total current assets	5,636,359	5,649,145
Total assets	7,354,925	8,050,428
Total current liabilities	2,960,671	3,369,709
Total liabilities	3,089,253	3,860,203
Equity		
Issued capital	10,459,629	9,602,217
Share-based payments reserve	565,280	550,780
Accumulated losses	(6,759,237)	(5,962,772)
Total equity	4,265,672	4,190,225

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Allegra Orthopaedics Holdings Pty Limited	Australia	100.00%	100.00%

Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated 2015 $	Consolidated 2014 $
Loss after income tax expense for the year	(855,056)	(62,783)
Adjustments for:		
Depreciation and amortisation	776,223	782,141
Net gain on disposal of property, plant and equipment	(296,332)	-
Share-based payments	14,500	30,000
Profit from discontinued operations	-	(237,167)
Research & Development refund	(868,521)	(817,000)
Other expenses - non-cash	55,000	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	381,906	145,280
Decrease/(increase) in inventories	907,445	(148,650)
Decrease in income tax refund due	817,000	544,003
Decrease in prepayments	10,961	10,214
Increase/(decrease) in trade and other payables	763,253	(77,640)
Increase/(decrease) in other provisions	(108,024)	11,309
Increase net of current assets and liabilities classified as held for sale	-	(207,316)
Net cash from/(used in) operating activities	1,598,355	(27,609)

Note 34. Earnings per share

	Consolidated 2015 $	Consolidated 2014 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(855,056)	(299,950)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	57,296,815	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,296,815	43,751,248
	Cents	**Cents**
Basic earnings per share	(1.49)	(0.69)
Diluted earnings per share	(1.49)	(0.69)

	Consolidated 2015 $	Consolidated 2014 $
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Allegra Orthopaedics Limited	-	237,167

Note 34. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	57,296,815	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,296,815	43,751,248

	Cents	Cents
Basic earnings per share	-	0.54
Diluted earnings per share	-	0.54

	Consolidated	
	2015 $	2014 $
Earnings per share for loss		
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(855,056)	(62,783)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	57,296,815	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,296,815	43,751,248

	Cents	Cents
Basic earnings per share	(1.49)	(0.14)
Diluted earnings per share	(1.49)	(0.14)

Options granted to employees under the Employee Option Plan for prior years were not included in the determination of diluted earnings per share because they are anti-dilutive for the year. These options could potentially dilute basic earnings per share in the future. The options have not been included in the determination of basic earnings per share.

Note 35. Share-based payments

The consolidated entity has an Employee Share Option Plan ('Option Plan') which was approved by shareholders at an Extraordinary General Meeting held in May 2006. Key management personnel's long-term incentives can be derived from participation in the Option Plan. This long term incentive program aligns the interests of key management personnel more closely with those of company's shareholders and rewards sustained and superior performance.

The objective of the Option Plan is to assist in the recruitment, reward, retention and motivation of employees of the consolidated entity while advancing the interests of the company by affording such persons the opportunity of benefiting from increases in shareholder value, thereby more closely aligning their interests with those of shareholders.

Options under the Option Plan are granted for no consideration. Any options granted do not give any right to participate in dividends or rights issues until shares are allotted pursuant to the exercise of the relevant option. Options granted under the Plan are not transferable.

There were no options issued during the year. The share-based payment expense of $14,500 consists of an expense of $42,000 partially offset by a write-back of forfeited shares of $27,500.

Note 35. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/11/2007	16/11/2013	$0.60	200,000	-	-	(200,000)	-
			200,000	-	-	(200,000)	-

At the reporting date there were Nil options vested (2014: Nil). The weighted average remaining contractual life of share options outstanding at the end of the period was Nil (2014: Nil).

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Kazacos
Director

27 August 2015
Sydney

Independent auditor's report to the members of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited)

Report on the financial report

We have audited the accompanying financial report of Allegra Orthopaedics Limited (the Company and formerly known as Advanced Surgical Design & Manufacture Limited), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Allegra Orthopaedics Group (the consolidated entity and formerly known as Advanced Surgical Design & Manufacture Group). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) is in accordance with the *Corporations Act 2001*, including:

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

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 10 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Sumanth Prakash
Partner

Sydney
27 August 2015

The shareholder information set out below was applicable as at 25 August 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	9	-
1,001 to 5,000	133	-
5,001 to 10,000	76	-
10,001 to 100,000	107	-
100,001 and over	36	-
	361	-
Holding less than a marketable parcel	17	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ROBINWOOD INVESTMENTS PTY LTD	21,391,879	33.50
CRYPTYCH PTY LTD	7,067,856	11.07
WELSH SUPERANNUATION PTY LIMITED	6,600,000	10.34
MARIE CAROLL & DAWSON CAROLL	5,636,285	8.83
CLJE INVESTMENTS PTY LTD.	4,600,000	7.20
MERGIN INVESTMENTS PTY LTD	2,332,857	3.65
MR KENNETH CAMPBELL	1,000,000	1.57
MR THOMAS JAMES CARROLL	1,000,000	1.57
MR NICHOLAS HARTNELL	970,667	1.52
MISTY HILLS NOMINEES PTY LTD	892,857	1.40
DESTIN PTY LIMITED	835,120	1.31
SANPEREZ PTY LTD	700,000	1.10
PETER WELSH	473,685	0.74
DESMON J BOKER PTY LIMITED	450,000	0.70
MS NICOLE FAITH ROGER	403,334	0.63
TOM MILICEVIC	403,334	0.63
CRYPTYCH PTY LTD	355,000	0.56
GEGM INVESTMENTS PTY LTD	353,000	0.55
SIMON ROBERTS	309,358	0.48
LESLIE HARRY CROSS	300,000	0.47
	56,075,232	87.82

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ROBINWOOD INVESTMENTS PTY LTD	22,557,364	35.33
CRYPTYCH PTY LTD and GREGORY JAMES ROGER	7,946,190	12.44
WELSH SUPERANNUATION PTY LIMITED and PETER WELSH	7,073,285	11.08
MARIE CAROLL & DAWSON CAROLL	5,636,285	8.83
CLJE INVESTMENTS PTY LTD	4,600,000	7.20

The above is the information disclosed in the most recent substantial holding notices given to the company.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.