



**LBT INNOVATIONS**

# Annual Report

For the year ended 30 June 2015



**LBT Innovations**  
ABN 95 107 670 673

**Principal Place of Business & Registered Office**  
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**Directors**

**Robert Andrew Finder**  
Chairman

**Lusia Halina Guthrie**  
Chief Executive Officer

**Catherine Mary Costello**  
Non-executive Director

**Stephen Paul Mathwin**  
Non-executive Director

**Caroline Popper**  
Non-executive Director

**Company Secretary**

**Daniel Hill**  
Chief Financial Officer and Company Secretary

**Lawyers**  
Thomson Geer Lawyers  
19 Gouger Street  
Adelaide SA 5000

**Auditors**  
HLB Mann Judd  
167-169 Fullarton Rd  
Dulwich SA 5065

**Share Register**  
Computershare Investor Services Pty Limited  
GPO Box 1903  
Adelaide SA 5001

**Listed Securities**  
LBT: Ordinary Shares

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# Chairman’s and CEO’s Letter to Shareholders

Dear Shareholders,

2014/15 has been another watershed year for the Company with significant progress being made towards commercialisation of APAS®, the proving of our vision for WoundVue® and the return of MicroStreak® along with a significant injection of cash, which secures the Company’s immediate future.

Revenue for the full financial year to 30 June 2015 was \$2.37 million, reflecting a 40.7% decrease on the \$3.99 million earned in 2013/14. The decrease was largely an indication of the completion of milestone payments from Hettich AG Switzerland, with whom we are partnering to bring our Automated Plate Assessment System, APAS, to global markets.

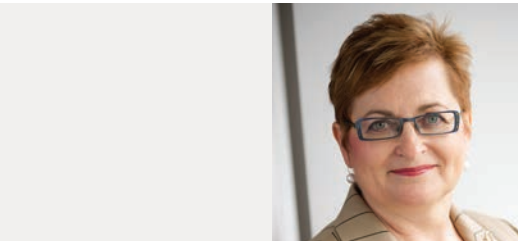
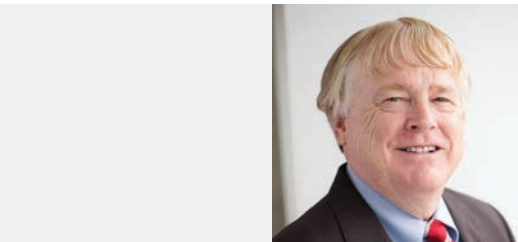
LBT’s principal sources of revenue for the year included the final \$1 million milestone payment from Hettich and royalty income of \$846,000 from bioMérieux, which has been selling our MicroStreak technology as its PREVI® Isola plate-streaking instrument. Although 2015 began with the news that the French company would be terminating our exclusive license agreement, the financial year ended on the brink of a new agreement which – as you all now know – has injected \$7.9 million into LBT’s cash flow position.

**“2014/15 will also be remembered as the year that our ground-breaking plate-analysis technology, APAS, finally emerged from the shadows of pre-clinical trialling.”**

While direct revenue was limited in 2014/15, LBT’s cash position improved slightly on that of the previous year, closing at \$1.82 million. This was the result of our successful \$2.018 million capital raising exercise, concluded in August 2014, and a significant R&D tax concession, which delivered \$3.014 million on completion of our 2014 tax return. These two sums have provided invaluable funding for early-stage research into the development of our potential second ‘intelligent imaging’ product, WoundVue, and for the all-important clinical trials of APAS in the United States.

2014/15 will also be remembered as the year that our ground-breaking plate-analysis technology, APAS, finally emerged from the shadows of pre-clinical trialling. In less than 12 months, the core APAS technology underwent three clinical trials involving samples from 10,000 patients in Australia and the US, while our partners at Hettich made good progress towards the development of the first APAS laboratory instrument, an automated culture plate reader called APAS Independence™. As you will read in this report, APAS continues to impress the industry, with demonstrations of APAS software and a model of the APAS Independence instrument attracting widespread interest this year at the major microbiology conferences in Europe and the United States.

As the year was ending, we were reaching the final stage of the pivotal US trial and moving towards preparation of the 510(k) de novo submission to the U.S. Food and Drug Administration (FDA) for APAS to be integrated with lab instruments sold in the United States. As well as granting access to the world’s largest medical market, FDA approval holds the key to LBT’s ongoing negotiations with a number of major diagnostic companies and distributors who have expressed an interest in marketing APAS.



The Company’s other significant achievement in 2014/15 has been the further development of WoundVue, which has progressed from a novel idea through proof of principle studies to validate this particular application of LBT’s intelligent imaging platform. Our concept has attracted attention among wound care specialists both at home and internationally.

Following the completion of a favourable market survey of more than 200 wound care nurses in the United States, LBT has formed a new team to work with our established partners at the Australian Centre for Visual Technologies (ACVT) at the University of Adelaide.

After several months of negotiations, we were able to conclude a new licence agreement with bioMérieux shortly after the end of the financial year. This agreement will be beneficial to LBT and our shareholders in a number of ways beyond the obvious benefits of the \$7.9 million payment to our Company. As part of the negotiations, bioMérieux agreed to give LBT access to the technological improvements it has developed for MicroStreak, which is a valuable concession as we adapt and upgrade the technology for new markets. Just as importantly, bioMérieux has committed to continue servicing the 400-plus customers who have previously purchased PREVI Isola.

In August, LBT announced two key appointments: our new Chief Financial Officer, Daniel Hill, and a US-based coordinator for the APAS trials, Dr Patti Doherty. Towards the end of the year, we expanded our compliance team with the appointment of Julie Brookes as Quality Assurance Officer and Nicole Rotman joined our WoundVue team as a Project Officer.

As we move into the next fiscal year, LBT Innovation’s primary focus remains the commercialisation of APAS and MicroStreak. The upfront payment of \$7.9 million from the new bioMérieux licence deal, places LBT Innovations in a much stronger position towards becoming a market innovation-driven business with several sustainable product revenue streams.

The Company has a keen eye to the future with several APAS line extensions and new products for the microbiology market under evaluation. The potential new application of our intelligent imaging platform for the wound care market through WoundVue will firmly cement LBT’s future as a healthcare innovator with growing market relevance and penetration.

**Bob Finder**  
Chairman

**Lusia Guthrie**  
Chief Executive Officer

# Directors’ Report

Your directors present their report on the Company for the year ended 30 June 2015.

Directors

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

**Robert Andrew Finder**  
Chairman

**Lusia Halina Guthrie**  
Chief Executive Officer

**Catherine Mary Costello**  
Non-executive Director

**Stephen Paul Mathwin**  
Non-executive Director

**Caroline Popper**  
Non-executive Director

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

Chief Financial Officer and Company Secretary

The following person held the position of Chief Financial Officer and Company Secretary at the end of the financial year:

**Daniel Hill**

**Qualifications**  
Bachelor of Accountancy, Chartered Accountant, MBA, Master of Applied Finance, Certificate in Governance Practice.

**Experience**  
Daniel is an experienced chartered accountant of more than 15 years and has worked in various roles including public practice, finance and private equity. He is a non-executive director and / or company secretary of various private companies and is the company secretary of Southern Gold Ltd, an ASX listed company.

Daniel Hill was appointed 25 August 2014 as Chief Financial Officer.

Jamie Dreckow resigned his position as Company Secretary 20 November 2014 and was replaced by Daniel Hill appointed as both Chief Financial Officer and Company Secretary 20 November 2014.



Top: CCS APAS Independence model.  
Left: PREVI Isola, based on LBT’s MicroStreak technology



Principal Activities

The principal activities of the Company during the financial year were those of researching and further developing innovative technologies for the healthcare and laboratory supply markets.

There were no significant changes in the nature of the Company's principal activities during the financial year.

Operating Results

LBT recorded an after-tax and comprehensive income profit for the year of \$549,000 (30 June 2014 \$331,000 profit).

Dividends Paid or Recommended

No dividends were paid, nor recommended to be paid for the year ended 30 June 2015.

Operational Highlights

- Major progress in the design of the first APAS instrument, a standalone plate reader, the APAS Independence, which remains on track for production in 2016
- Successful completion of two clinical trials of APAS at Australian clinical pathology laboratories
- Commencement of US clinical trials for APAS at TriCore Reference Laboratories in Albuquerque, New Mexico
- Development of a second project utilising LBT's intelligent imaging software – WoundVue, a conceptual device for monitoring and reporting the progress on treatment of chronic wounds, WoundVue
- New, non-exclusive, limited licence agreement completed for Microstreak for US\$5.5m, cash payable upfront.

Review of Operations

The 2014/15 financial year was bookended by two positive financial developments for LBT: a successful A\$2 million capital raising, and a new non-exclusive licence agreement with bioMérieux for MicroStreak, which injected A\$7.9 million into LBT's coffers at the start of 2015/16.

The year began with a successful share purchase plan, which concluded a two-part capital raising to generate funds for the APAS clinical trials and the early-stage development of WoundVue. The plan closed on 17 July 2014, raising A\$517,450 before costs and bringing the combined capital-raising proceeds to A\$2.018 million.

Preparations for the APAS trials were further strengthened in early September, when LBT received a major R&D Tax Concession refund of A\$3.014 million from the Australian Government. These funds also helped to accelerate research into a second potential application of our image interpretation software, in the fast-growing field of chronic wound care. Fuelled by the growing incidence of obesity and type 2 diabetes, the treatment of chronic wounds accounts for a market estimated to be worth US\$60 billion annually, and LBT has been quick to identify an opportunity for a conceptual hand-held wound assessment device called WoundVue.

In September, LBT took its first formal steps towards the commercialisation of APAS when it launched two clinical trials of the core technology at the laboratories of Healthscope Pathology in Melbourne and Adelaide.

The two trials put APAS through its paces in a busy laboratory setting, testing its capacity to identify the presence of clinically significant bacterial growth, and to enumerate and presumptively identify various disease-causing bacteria in urine samples from 4,300 patients. As well as detecting the presence of the key pathogens implicated in urinary tract infections, APAS delivered highly accurate counts of 'primary isolate' colonies – proving it can replace one of the most time-consuming tasks in the microbiology workflow. Perhaps most importantly, the trials concluded that the technology had not missed a single pathogen in any of the samples studied.



APAS clinical trial team at TriCore Pathology Laboratories, Albuquerque USA.

Review of Operations

Meanwhile, the APAS instrument continued to develop into a commercial reality under the supervision of Hettich AG Switzerland, LBT's 50:50 partner in the APAS project. Over the course of the year, significant progress was made in the development of the first APAS instrument, a standalone plate reader that will be called the APAS Independence.

Through our joint venture company, Clever Culture Systems AG Switzerland (CCS), Hettich's engineers have also been working with LBT software engineers to develop the interface for integrating the APAS software – the 'brains' of the technology – with the APAS Independence instrument. The project remains firmly on track to produce the first market-ready plate-reading instruments in 2016.

Prior to the beginning of the US trial of APAS, LBT was delighted to report the securing of its first US patent for the technology. The patent, announced on 26 March, relates to APAS's 'colour calibration' of culture-plate images, in a way that makes it simpler for computers to classify and distinguish between bacterial colonies and culture media. The 20-year patent is the first of five patents for which LBT has applied to the U.S. Patent & Trademark Office, to safeguard the intellectual property associated with its intelligent imaging technology.



The LBT Team L-R: Dan Hill, Company Secretary and CFO; Peter Bradley, Vice President Global Business Development; Julie Winson, Quality Assurance Manager; John Glasson, Scientific Director; Lusia Guthrie, CEO; Michael Summerford, Apps Lab Manager and Senior Microbiologist; Mandy Liebelt, Microbiologist; Tomasz Grzegurko, Computer Scientist.

Review of Operations

The microbiology industry itself had a chance to see APAS in action at this year’s annual conferences, which remain the most important ‘shop window’ for any new diagnostic product. LBT sent its senior team – CEO Lusia Guthrie, VP Global Business Development Peter Bradley and Senior Microbiologist Michael Summerford – to unveil the APAS software alongside a 3D scale model of the APAS Independence at the conferences of the American Society for Microbiology (ASM) and the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID). Posters were also presented outlining APAS’s success in clinical trials to date, which are also the subject of a forthcoming article in the ASM’s Journal of Clinical Microbiology.

On 9 June 2015, after lengthy preparations by visiting LBT technicians, the Company began the US trial of APAS at TriCore Reference Laboratories in Albuquerque, New Mexico – one of the largest clinical pathology laboratories in the southern United States. The trial represents the single most important test of LBT’s technology, and the key to all-important regulatory approvals by the FDA.



Peter Bradley at CCS booth, ECCMID Annual General Meeting 2015, Copenhagen.

The trial tested APAS’s capacity to identify the growth of significant bacteria in urine samples from 5,700 patients – its largest field of samples to date. The choice of urine samples as the first ‘testing ground’ was also key, as these represent approximately 55% of all human specimens analysed by microbiology labs worldwide. LBT’s microbiologists and software scientists are also developing APAS modules for other specimen types that will eventually form a catalogue of software modules to expand the operational (and commercial) capabilities of APAS.

In late 2015 LBT proposes to complete its 510(k) de novo submission to the FDA for APAS to be registered as a Class 2 Medical Device in the United States. This all-important submission not only holds the key to approval for APAS to be ‘built in’ to laboratory instruments sold in the US, but to LBT’s ongoing negotiations with a number of major diagnostic companies that are interested in marketing and distributing the technology globally.

Review of Operations

LBT’s plans to apply its intelligent imaging technology to another fast-growing area of healthcare – the treatment of chronic wounds – received a welcome boost in October, with the announcement of a A\$250,000 development grant from the South Australian Government’s bioscience agency.

Fuelled by an ageing population and the growing incidence of obesity and type 2 diabetes, the treatment of chronic wounds has become a major market, worth an estimated US\$60 billion annually. LBT has been quick to identify an opportunity for digital image analysis in a conceptual handheld device that could be used to track and assess the progress of individual wounds.

“Although it remains ‘early days’, these early forays by the LBT-ACVT team have been extremely promising.”

WoundVue applies image-recognition algorithms to the analysing of chronic wounds – defined as wounds open for six weeks or more, which can have serious implications for patients who are housebound or immobilised by obesity or ill health. Like APAS, WoundVue has the potential not only to make a critical diagnostic process more accurate and less susceptible to human error, but offers major potential efficiencies in clinical reporting and integration into modern hospital records systems.

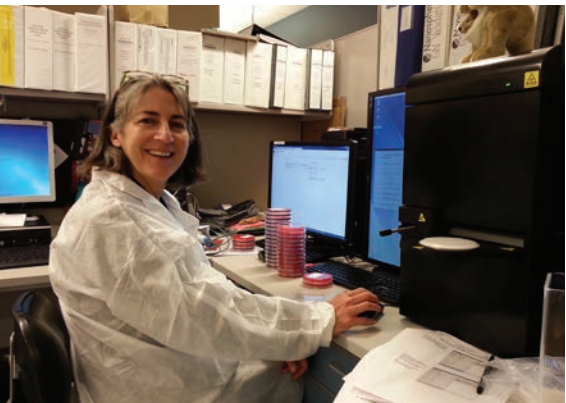
The BioSA grant has also enabled us to take on the services of a dedicated and experienced wound care nurse, Nicole Rotman, who has been working with the ACVT’s Dr Zygmunt Spzak to apply our image-analysis system to imagery of actual wounds, in an effort to ensure its interpretation provides clinically relevant and useful information. Their work to date has been extremely encouraging, a great start on a journey towards a device that could potentially deliver significant clinical value.

LBT has been working with our computer vision partners at the Australian Centre for Visual Technologies (ACVT) to assess the efficacy of our imaging technology in the analysis of different types of chronic wounds, as a prelude to the development of a prototype image test system that will be able to capture, analyse and describe the clinically relevant features identified by our research.

Although it remains ‘early days’, these early forays by the LBT-ACVT team have been extremely promising. LBT has developed close relationships with many of the principal wound care experts in Australia – most notably the wound care team at Adelaide’s Queen Elizabeth Hospital, where the close support of Professor Rob Fitridge and Wendy McInnes has enabled us to gain ethics committee approval to access a number of patients with diabetic and vascular wounds.

The BioSA grant has also enabled us to take on the services of a dedicated and experienced wound care nurse, Nicole Rotman, who has been working with the ACVT’s Dr Zygmunt Spzak to apply our image-analysis system to imagery of actual wounds, in an effort to ensure its interpretation provides clinically relevant and useful information. Their work to date has been extremely encouraging, although it remains the beginning of a long journey towards a device that could potentially deliver significant clinical value.

The 2014/15 year also brought a new chapter for our original automated plate-streaking technology, MicroStreak. LBT’s automated culture plate streaker has been in-market for seven years, as PREVI Isola, under an exclusive licence with bioMérieux. In January, bioMérieux advised their intention to terminate the current agreement. On 27 August, the Company announced a new agreement with bioMérieux. The new agreement terminates the initial exclusive licence signed in 2007 and converts it to a non-exclusive licence. Both companies will be free to pursue their development in laboratory automation independently.



APAS clinical trial team at TriCore Pathology Laboratories, Albuquerque USA. Above: Patti Doherty, Clinical Trial Coordinator (Albuquerque).



Review of Operations

Under the new licence bioMérieux will retain the sole rights to service and support the installed base of PREVI Isola systems, including supply of the patented disposable applicators used in the streaking process, and will discontinue sales of new systems by 30 July 2016. bioMérieux will focus its resources on the strategic alliance the company entered on 9 January 2015 with the Italian company Copan.

Under the new arrangements, LBT Innovations received a one-time, full and final upfront payment of US\$5.5 million (A\$7.9 million), and will receive non-exclusive technology rights to improvements developed by bioMérieux as solely related to the MicroStreak technology. LBT will recover global rights to pursue its own development, manufacturing and commercialisation of a MicroStreak product.

bioMérieux also demonstrated the continuing goodwill that exists between the two companies by pledging to return to LBT all of the manufacturing specifications and technological improvements it has developed for MicroStreak – important to LBT as we seek to ‘re-engineer’ the technology for new markets.

2014/15 also saw a number of new appointments at LBT, as we expanded our technology portfolio and strengthened our efforts to secure regulatory compliance for APAS. In August 2014, we took on the services of a highly experienced Chief Financial Officer, Daniel Hill, who has joined us to oversee LBT’s financial operations and to help us develop the longer-term risk management strategies that will be necessitated by a busy period of product development and marketing.

The same month, we engaged Dr Patti Doherty, a highly regarded biotech consultant to co-ordinate the clinical trial undertaken at TriCore in New Mexico. We have also expanded our compliance team with the appointment of Quality Assurance Officer Julie Brookes, who will support Julie Winson in negotiating the complex web of compliance standards and guidelines that are required for the commercial production of APAS software.

As already mentioned, we have taken on the services of a vascular nurse, Nicole Rotman, who is supporting LBT and our partners at the ACVT as we seek to ‘prove up’ the potential of digital imaging in the monitoring and reporting of chronic wounds.

Future Developments, Prospects and Business Strategies

With the steady progress to market of our APAS technology, a new start beckoning for MicroStreak, and the clear potential of WoundVue, the coming year offers a tremendously exciting time for LBT Innovations. With the arrival of the first market-ready APAS instrument, the 2015–16 year should help to establish LBT as a serious global player in the laboratory automation market – with solutions for two of the most time-consuming tasks in modern microbiology.

The arrival of APAS should also help to elevate the profile of WoundVue, as we seek to realise some of the broader potential offered by the remarkable ‘intelligent imaging’ system. The evolution of a third product with significant global scope also provides clear advantages for the future funding and assessment of other applications of our imaging technologies in the fields of environmental monitoring, food testing, and other ‘diagnostic frontiers’.

The broad objectives for the 2015/16 financial year are for LBT to:

- Submit our 510(k) de novo application to the U.S. Food and Drug Administration for APAS to be registered as a Class 2 Medical Device for integration with laboratory instruments sold in the United States;
- Complete the development of the first market-ready APAS instrument, the APAS Independence, and advance the testing and development of an APAS-enabled auto-incubator;
- Apply for CE marking for the APAS technology in all European territories;
- Progress the WoundVue development program;
- Advance negotiations with global diagnostics companies interested in partnering with LBT in the marketing and distribution of MicroStreak.

Financial Overview

Revenue for the year to 30 June 2015 was \$2.37 million (down from \$3.99 million for the year ended 30 June 2014). Revenue consisted primarily of:

- \$1.00 million APAS milestone recognised through the JV company from Hettich AG Switzerland in line with the terms of the joint venture agreement;
- Interest revenue of \$43,000 (consistent with the year ended 30 June 2014);
- Royalty income of \$846,000 (up from \$648,000 for the year ended 30 June 2014) from bioMérieux under the MicroStreak licence agreement;
- The recognition of deferred commercial ready grant income of \$141,000 (consistent with the year ended 30 June 2014);
- Income recognised of \$135,000 from a BioSA grant (total grant approved of \$250,000);
- An Export Market Development Grant of \$34,000 (down from \$128,000 for the year ended 30 June 2014);
- APAS module income of \$76,000 relating to recognition of the sale of a prototype to CCS in Switzerland, and
- Consulting income of \$68,000 relating to recoveries from the JV entity, CCS in Switzerland.

Significant components of overall expenses for the year included:

- Employee benefits expenses of \$0.76 million (down from \$1.14 million for the year ended 30 June 2014 as a result of increased Intangible Asset capitalised expense);
- Depreciation and amortisation expenses of \$0.76 million (\$0.72 million for the year ended 30 June 2014).

LBT received an R&D tax concession refund of \$3.014 million following completion of the 2014 tax return. The Company has lodged a claim for the 2015 financial year and expects to receive \$1.825 million.

The cash position as at 30 June 2015 was \$1.82 million (\$1.79 million at 30 June 2014).

Financial Position

Net assets of the Company increased by \$2.12 million from \$13.56 million at 30 June 2014 to \$15.68 million at 30 June 2015.

Cash on hand and at the bank increased to \$1.82 million at 30 June 2015. This increase resulted from the Company’s inflows associated with the APAS JV agreement, the R & D tax concession, the SPP and tranche 2 placement proceeds of the capital raising announced on 18 June 2014 totalling \$1.62 million (excluding fees) and a \$1 million loan from the Directors and Officers of the Company (repayable on the receipt of the 2015 R & D tax concession refund).

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

After Balance Date Events

On 27 August 2015, the Company announced that it had signed a new licence agreement with bioMérieux, thereby terminating the licence agreement with the French company signed in 2007. As a part of the new, non-exclusive licence, the Company received US\$5.5 million (A\$7.9 million) in September 2015.

About LBT Innovations

LBT Innovations (LBT) is an Australian developer of clinical and diagnostic technology. Based in Adelaide, South Australia, the Company has two breakthrough products in microbiology automation: MicroStreak, which provides automation of culture plate streaking, and APAS, a breakthrough in automated culture plate reading, interpretation and reporting. Based on LBT’s innovative intelligent image interpretative platform, APAS specifically addresses the automated imaging, analysis and interpretation of culture plates following incubation. LBT has entered into a Joint Venture with Hettich AG Switzerland to drive the commercialisation of APAS products. LBT also has a third product in development, Woundvue, a proposed automation solution to assist in the management of chronic wounds.

Environmental Issues

The Company’s operations are not subject to significant environmental regulation under the laws of the Commonwealth and State.

Information on Directors



Robert Andrew Finder

Qualifications

Bachelor of Science Chemical Engineering (University of Detroit)

Experience

Bob has more than 35 years’ experience in the international pharmaceutical and chemical industries and has retired as Chief Executive Officer of Novozymes GroPep Limited, the Australian subsidiary of Novozymes, a global biotechnology company. Bob was Managing Director and Chief Executive Officer of GroPep from 2002-06 (before the Novozymes acquisition).

Prior to joining GroPep in 2002, Bob was President and Chief Operating Officer of Mayne Pharma – Americas and Asia Pacific. In this role, Bob was responsible for the commercial activities for the Americas and Asia Pacific region as well as for global research and development for Mayne Pharma. Mayne Pharma evolved from Mayne’s acquisition of F H Faulding, where Bob was President and Chief Operating Officer of Faulding Pharmaceuticals – Asia Pacific.

Prior to Faulding, Bob’s roles included Vice President Manufacturing for Ecogen Inc, in Pennsylvania, Director Manufacturing for Rhone-Poulenc (USA), and Managing Director of Monsanto Chemicals in Thailand. He is a Member of the Australian Institute of Company Directors and the American Institute of Chemical Engineers.

Bob is currently on the board of directors of National Pharmacies and is past Chairman of Reproductive Health Science Pty Ltd.

|                     |         |                                     |
|---------------------|---------|-------------------------------------|
| Interest in Shares  | Nil     |                                     |
| Interest in Options | 750,000 | Options expiring<br>5 December 2017 |

Third Party Holdings

|                    |           |                 |
|--------------------|-----------|-----------------|
| Sheryl Jean Finder | 583,911   | Ordinary shares |
| The Sherrob9 Fund  | 4,742,093 | Ordinary shares |

|   |     |  |
|---|-----|--|
| Directorships held in other listed entities | Nil |  |
|---|-----|--|

|                       |     |  |
|-----------------------|-----|--|
| Interest in Contracts | Nil |  |
|-----------------------|-----|--|

The information provided above is current as at 14 September 2015.

Information on Directors



Lusia Halina Guthrie

Qualifications

Master of Science and Technology Commercialisation (University of Adelaide) and Bachelor of Applied Science in Medical Technology (University of South Australia)

Experience

Lusia has over 35 years’ experience in the healthcare industry. She commenced her professional career as a medical laboratory scientist and laboratory manager, changing direction after 10 years to join pharmaceutical company F H Faulding & Co, where she spent the next 13 years. She has executive level operations and manufacturing management experience, with expertise in product development, production and supply chain management, project management, industrial relations, and quality systems and regulatory compliance. She has also worked in intellectual property management and commercialisation for a leading Adelaide research institute.

Lusia is a co-founder of LBT Innovations. She is a Member of the Australian Institute of Company Directors and has held several non-executive board appointments.

Lusia has previously served as a member of the Manufacturing Consultative Council (MCC) for the State Government of South Australia, a member of the Future Manufacturing Industry Innovation Council (FMIIC) for the Commonwealth Department of Industry, Innovation, Science and Research, and on the Assessment Panel for the Medical Device Commercialisation Program (MDCP) at the SA Government’s Department of Trade and Economic Development.

She currently serves on AusMedtech, the Ausbiotech Medical Devices Advisory Committee, the ACVT Industry Advisory Panel, the School of Computer Science at the University of Adelaide, and is a Panel Member of the ARI Commercial Accelerator Scheme at the University of Adelaide. Lusia is also a member of the School Council of Loreto College, Adelaide.

|                     |         |  |
|---------------------|---------|--|
| Interest in Shares  | 148,149 |  |
| Interest in Options | Nil     |  |

Third Party Holdings

|  |           |                 |
|--|-----------|-----------------|
| LH & HB Guthrie as trustees of the Podlaska Super Fund | 5,975,606 | Ordinary shares |
|--|-----------|-----------------|

|   |     |  |
|---|-----|--|
| Directorships held in other listed entities | Nil |  |
|---|-----|--|

|                       |     |  |
|-----------------------|-----|--|
| Interest in Contracts | Nil |  |
|-----------------------|-----|--|

The information provided above is current as at 14 September 2015.



Information on Directors



Catherine Mary Costello

Qualifications

Law Degree (University of Melbourne)

Experience

Kate was in management with a commercial law firm before establishing a management consultancy. She has over 20 years' experience in corporate governance and strategy through her consulting work with the boards of client organisations, her directorships, and her previous involvement as a facilitator in the Company Directors' Course offered by the Australian Institute of Company Directors.

Kate's board experience includes directorships in the South Australian Totalisator Agency Board, Australian Central Credit Union Ltd, Festival City Broadcasters Ltd, and Integrated Research Ltd and chairmanship of Saab Intelligent Transport Systems Ltd and Bassett Consulting Engineers. She is currently a director of Intellitrain Holdings and Chair of bzipay Pty Ltd.

|   |                         |                 |
|---|-------------------------|-----------------|
| Interest in Shares                          | 760,716                 | Ordinary shares |
| Interest in Options                         | 250,000                 | Class F Options |
| Third Party Holdings                        |                         |                 |
| Costello Consulting Pty Ltd as director     | 1,335,312               | Ordinary Shares |
| Directorships held in other listed entities | Integrated Research Ltd |                 |
| Interest in Contracts                       | Nil                     |                 |

The information provided above is current as at 14 September 2015.

Stephen Paul Mathwin

Qualifications

Law Degree (University of Adelaide)

Experience

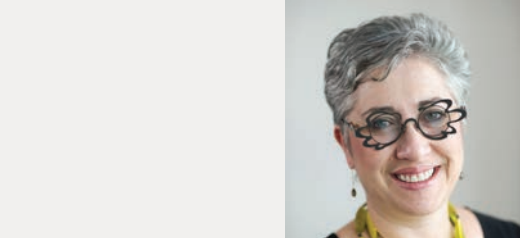
Stephen has more than 30 years' experience as a legal practitioner including being a partner with the Adelaide law firm, Kelly & Co, from 1988 to 2001. During that time he headed the firm's Employment, Industrial Law and Superannuation Section. He was also responsible for managing much of Kelly & Co's internal risk management functions. Stephen remains a Consultant to the firm.

Stephen is Chairman of Australian Timbers Ltd, Cavitus Pty Ltd, Poly Products Co Pty Ltd and Viking Rentals Pty Ltd. He is a director of Paragon Private and the McArthur Management Group of Companies. Stephen is a former Deputy Chairman and Chairman of the Investment Committee of Non-Government Schools (NGS) Superannuation Fund, an industry fund with funds under management exceeding \$6 billion. During his time at NGS, the fund grew from \$1.6 billion to more than \$5 billion. Stephen is also a former Chairman of the School Council of Westminster School Incorporated and is Chairman of the Investment Committee for the Westminster School Foundation.

|   |           |                 |
|---|-----------|-----------------|
| Interest in Shares  | Nil       |                 |
| Interest in Options   | 500,000   | Class E Options |
| Third Party Holdings  |           |                 |
| Ruin Pty Ltd as trustee for the Steve Mathwin Superannuation Fund | 2,400,000 | Ordinary Shares |
| Directorships held in other listed entities                       | Nil       |                 |
| Interest in Contracts   | Nil       |                 |

The information provided above is current as at 14 September 2015.

Information on Directors



Caroline Popper

Qualifications

Bachelor of Medicine (University of the Witwatersrand, Johannesburg), Master of Public Health – Health Policy and Health Economics (Johns Hopkins University, Baltimore).

Experience

Caroline is a US-based pathologist and business consultant, with more than 20 years' operational experience in the international diagnostics, medical devices and drug discovery fields.

A qualified health economist, Caroline has served in senior managerial and advisory positions at a number of global diagnostics and medical research companies, including bioMérieux and MDS Proteomics, where she was Chief Business Officer from 2000 to 2002.

After 10 years in senior management and marketing roles at the leading medical technology firm, Becton, Dickinson and Company, Caroline established her own consultancy, Popper and Company, in 2003 to provide strategic corporate and advisory services to businesses across the life sciences spectrum. Popper and Company is a strategy and M&A advisory firm focused on diagnostics, medical devices, life science tools and wireless health applications. Caroline's other directorships include BioAgilytix, Diversigen, Rarecyte, RPS Detectors and Pilgrim Software Inc.

As well as extensive experience in life science business strategy, Caroline enjoys a unique clinical perspective gained in the busy wards and laboratories of Baltimore's Johns Hopkins Hospital. From 1987 to 2003, she served as an attending physician at the hospital's Department of Emergency Medicine, where she completed residencies in internal medicine and pathology.

|   |         |                                   |
|---|---------|-----------------------------------|
| Interest in Shares                          | Nil     |                                   |
| Interest in Options                         | 500,000 | Options expiring 29 November 2022 |
| Directorships held in other listed entities | Nil     |                                   |
| Interest in Contracts                       | Nil     |                                   |

The information provided above is current as at 14 September 2015.

Remuneration Report

This report details the nature and amount of remuneration of each key management person of LBT Innovations and for the executives receiving the highest remuneration.

Remuneration Policy

The Remuneration Policy of LBT Innovations has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results.

The key objectives of the Nominations and Remuneration Committee are to appropriately and effectively attract and retain the best executives and directors to run and manage the Company, as well as to create goals congruent between directors, executives and shareholders.

The Remuneration Policy, setting the terms and conditions for non-executive and executive directors and other senior executives, was developed by the Nominations and Remuneration Committee and approved by the Board.

The Remuneration Policy has been tailored to increase goal congruence between shareholders and directors and executives with:

- performance bonuses based on key performance indicators (KPIs), and
- issue of options to the directors and executives to encourage the alignment of personal and shareholder interests.

The fixed remuneration component is determined with regard to market conditions, so that the Company can recruit and retain the best available talent. The Board's policy regarding incentives includes granting options with an exercise price at a premium to the underlying market value of shares at the time of grant, and vesting subject to the achievement of KPIs. This policy aligns the interests of option holders with those of shareholders and creates a direct relationship between individual remuneration outcomes and Company performance. Option holders will only benefit in circumstances where relevant KPI milestones are met and there is a material increase in the underlying share price from the time of grant of the options.

The relationship between the Board's policy and the Company's performance in terms of earnings and shareholder wealth is illustrated by the following table that shows the gross revenue, profits/(losses), earnings per share and closing share prices on 30 June for the past five years. During the financial year, the Company's share price traded between a low of \$0.05 and a high of \$0.145.

|   | 2015    | 2014    | 2013    | 2012      | 2011      |
|---|---------|---------|---------|-----------|-----------|
| Revenue   | \$2.37m | \$3.99m | \$4.42m | \$1.02m   | \$0.74m   |
| Net Profit / (Loss)                                 | \$0.32m | \$0.29m | \$0.53m | \$(1.15)m | \$(1.16)m |
| Basic Earnings per share (cents per share)          | 0.28    | 0.29    | 0.53    | (1.16)    | (1.17)    |
| Diluted Earnings per share (cents per share)        | 0.28    | 0.29    | 0.53    | (1.16)    | (1.17)    |
| Full year ordinary dividends per share (cents)      | Nil     | Nil     | Nil     | Nil       | Nil       |
| Year end share price (last traded price on 30 June) | \$0.06  | \$0.14  | \$0.09  | \$0.04    | \$0.04    |

The LBT Innovations Board policy for determining the nature and amount of remuneration for board members and senior Company executives follows.

Remuneration Report

Executive Terms & Conditions

All executives receive a base salary, based upon performance, professional qualifications and experience, and superannuation, fringe benefits, options and performance incentives.

The Nominations and Remuneration Committee reviews executive packages annually with reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Performance Measurement

The performance of executives is measured against criteria agreed annually with each executive and is based upon the achievement of the strategic objectives to secure the Company's future profits and shareholder value.

All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can decide changes to the Nominations and Remuneration Committee's recommendations.

Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

As part of executives' remuneration packages there is a performance-based component consisting of key performance indicators. The intention of this program is to facilitate goal congruence between executives of the business and shareholders.

Key Performance Indicators (KPIs):

- are set annually by the Board on recommendation from the Nominations and Remuneration Committee. The measures are specifically tailored to the responsibility areas in which the executive is directly involved;
- target areas the Board believes hold greater potential for business expansion and profit;
- cover financial and non-financial as well as short and long-term goals;
- the level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to KPIs is assessed annually, with minor quarterly reviews and bonuses being awarded depending on the number and difficulty of the KPIs achieved.

Following this assessment, KPIs are reviewed by the Nominations and Remuneration Committee in light of their desired and actual outcomes. The efficacy of the KPIs is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year. Where advisable, independent reports are obtained from external organisations. KPIs for the CEO are set in Key Result Areas of Finance, Corporate Strategy, Investor Relations and Human Resources, with an emphasis on achieving the Company's financial goals. Any bonus payment is negotiated in line with achievement of KPIs and is weighted towards financial outcomes.

Superannuation

Executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in the 2014/15 financial year, they do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

Non-executive Directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Nominations and Remuneration Committee determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive directors are not linked to the performance of the Company. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Employee Share Option Plan.

Remuneration Report

Shares & Options

Shares given to directors and executives are valued at their fair value on the date granted based on market prices. Options given to directors and executives are valued at their fair value using the Binomial option-pricing model.

Key Management Personnel Remuneration

| 2015                     | Cash Salary, Fees<br>& Commissions | Long Service<br>Leave | Cash<br>Bonus | Superannuation<br>Contributions | Non-Cash<br>Benefits | Shares | Options <sup>(1)</sup> | Total |
|--------------------------|------------------------------------|-----------------------|---------------|---------------------------------|----------------------|--------|------------------------|-------|
|                          | \$000                              | \$000                 | \$000         | \$000                           | \$000                | \$000  | \$000                  | \$000 |
| Mr R A Finder            | 77                                 | 0                     | 0             | 7                               | 0                    | 0      | 0                      | 84    |
| Mrs L H Guthrie          | 257                                | 7                     | 58            | 35                              | 0                    | 0      | 0                      | 357   |
| Mrs C M Costello         | 52                                 | 0                     | 0             | 5                               | 0                    | 0      | 0                      | 57    |
| Mr S P Mathwin           | 23                                 | 0                     | 0             | 32                              | 0                    | 0      | 0                      | 55    |
| Dr C Popper              | 46                                 | 0                     | 0             | 0                               | 0                    | 0      | 6                      | 52    |
| Mr P M Bradley           | 195                                | 0                     | 0             | 19                              | 0                    | 0      | 0                      | 214   |
| Mr D Hill <sup>(2)</sup> | 75                                 | 0                     | 0             | 0                               | 0                    | 0      | 0                      | 75    |
|                          | 725                                | 7                     | 58            | 98                              | 0                    | 0      | 6                      | 894   |

(1) 500,000 options were granted to Dr Caroline Popper during the year ended 30 June 2013 and in accordance with AASB2 "Share Based Payments" the fair value of the options has been expensed over the vesting period.

[2] Mr D Hill commenced on 25 August 2014.

| 2014             | Cash Salary, Fees<br>& Commissions | Long Service<br>Leave | Cash<br>Bonus | Superannuation<br>Contributions | Non-Cash<br>Benefits | Shares | Options <sup>(1)</sup> | Total |
|------------------|------------------------------------|-----------------------|---------------|---------------------------------|----------------------|--------|------------------------|-------|
|                  | \$000                              | \$000                 | \$000         | \$000                           | \$000                | \$000  | \$000                  | \$000 |
| Mr R A Finder    | 77                                 | 0                     | 0             | 7                               | 0                    | 0      | 0                      | 84    |
| Mrs L H Guthrie  | 255                                | 8                     | 61            | 35                              | 0                    | 0      | 0                      | 359   |
| Mrs C M Costello | 52                                 | 0                     | 0             | 5                               | 0                    | 0      | 0                      | 57    |
| Mr S P Mathwin   | 28                                 | 0                     | 0             | 27                              | 0                    | 0      | 0                      | 55    |
| Dr C Popper      | 46                                 | 0                     | 0             | 0                               | 0                    | 0      | 15                     | 61    |
| Mr P M Bradley   | 191                                | 0                     | 0             | 18                              | 0                    | 0      | 0                      | 209   |
|                  | 649                                | 8                     | 61            | 92                              | 0                    | 0      | 15                     | 825   |

(1) 500,000 options were granted to Dr Caroline Popper during the year ended 30 June 2013 and in accordance with AASB2 "Share Based Payments" the fair value of the options has been expensed over the vesting period.

Mrs Lusia Guthrie is employed under a contract, terminable on 12 months' notice.

Options Granted as Remuneration

All options granted vest within two years of their issue date and expire within eight years of vesting.

All options were granted for nil consideration.

100,000 options were granted as remuneration to Mr Peter Bradley during 2014.

500,000 options were granted as remuneration to Dr Caroline Popper during 2013.

Shares Issued on Exercise of Compensation Options

No options were exercised during the year that were granted as compensation in prior periods.

Meetings of Directors

During the period to 30 June 2015, eleven meetings of directors were held. Attendances by each director during the reporting period were:

|                  | Number Eligible to Attend | Number Attended |
|------------------|---------------------------|-----------------|
| Mr R A Finder    | 11                        | 11              |
| Mrs L H Guthrie  | 11                        | 11              |
| Mrs C M Costello | 11                        | 10              |
| Mr S P Mathwin   | 11                        | 11              |
| Dr C Popper*     | 11                        | 8               |

\* Dr Popper resides in the United States of America and due to time zone differences was unable to attend 3 meetings during 2014/15.

During the period to 30 June 2015, two meetings of the Audit Committee were held. Attendances by each member during the reporting period were:

|                  | Number Eligible to Attend | Number Attended |
|------------------|---------------------------|-----------------|
| Mr S P Mathwin   | 2                         | 2               |
| Mrs C M Costello | 2                         | 2               |

During the period to 30 June 2015, one meeting of the Nominations and Remuneration Committee was held. Attendances by each member during the reporting period were:

|                  | Number Eligible to Attend | Number Attended |
|------------------|---------------------------|-----------------|
| Mrs C M Costello | 1                         | 1               |
| Mr R A Finder    | 1                         | 1               |
| Dr C Popper      | 1                         | 0               |

Indemnifying Officers or Auditor

The Company has paid a premium to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct, while acting in the capacity of director of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of premium has not been disclosed as it is confidential under the terms of the insurance policy.

- Mr R A Finder
- Mrs L H Guthrie
- Mrs C M Costello
- Mr S P Mathwin
- Dr C Popper



Option Details

At the date of this report, the unissued ordinary shares of LBT Innovations under option are as follows:

| Class | Date of Expiry | Exercise Price | Number of Options | No of Shares due on Conversion |
|-------|----------------|----------------|-------------------|--------------------------------|
| E     | 17/04/2017     | \$0.200        | 500,000           | 500,000                        |
| F     | 24/05/2017     | \$0.300        | 500,000           | 500,000                        |
| n/a   | 5/12/2017      | \$0.200        | 750,000           | 750,000                        |
| n/a   | 6/01/2019      | \$0.165        | 50,000            | 50,000                         |
| n/a   | 24/8/2020      | \$0.065        | 200,000           | 200,000                        |
| n/a   | 29/11/2022     | \$0.058        | 500,000           | 500,000                        |
| n/a   | 11/12/2023     | \$0.045        | 100,000           | 100,000                        |
|       |                |                | 2,600,000         | 2,600,000                      |

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any proceedings during the reporting period.

Non-audit Services

The Board of directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES 110: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2015: NIL.

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 21.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of directors.

Bob Finder  
Chairman

Lusia Guthrie  
Chief Executive Officer

Dated at Adelaide this 18th day of September 2015.

Auditors' Independence Declaration



LBT INNOVATIONS LIMITED ABN 95 107 670 673 AND CONTROLLED ENTITY  
AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF LBT INNOVATIONS LIMITED

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

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to LBT Innovations Limited and the entity it controlled during the period.

HLB Mann Judd  
Chartered Accountants

Phil Plummer  
Partner

Adelaide, South Australia  
18 September 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

|   | Note | 2015<br>\$000 | 2014<br>\$000 |
|---|------|---------------|---------------|
| Revenue   | 3    | 2,367         | 3,991         |
| Share of profit / (loss) of associates & joint ventures accounted for using the equity method |      | (92)          | (71)          |
| Consulting fees   | 4a   | (77)          | (334)         |
| Employee benefits expense   | 4b   | (761)         | (1,138)       |
| Depreciation and amortisation expense   |      | (764)         | (716)         |
| General administration expenses   |      | (205)         | (156)         |
| Legal   |      | (64)          | (47)          |
| Marketing   |      | (78)          | (32)          |
| Finance costs   |      | (32)          | 0             |
| Other expenses  | 4c   | (630)         | (2,468)       |
| Profit / (Loss) before income tax   |      | (336)         | (971)         |
| Income tax (expense) / benefit  | 5a   | 657           | 1,263         |
| Net profit / (loss) for the year  |      | 321           | 292           |
| Other comprehensive income  |      | 228           | 39            |
| Other comprehensive income net of tax   |      | 228           | 39            |
| Total comprehensive profit for the year   |      | 549           | 331           |
| Basic earnings per share (cents per share)  |      | 0.28          | 0.29          |
| Diluted earnings per share (cents per share)  |      | 0.28          | 0.29          |

The accompanying notes form part of the financial statements.

Statement of Financial Position

As At 30 June 2015

|   | Note | 2015<br>\$000 | 2014<br>\$000 |
|---|------|---------------|---------------|
| <b>Assets</b>                                     |      |               |               |
| <b>Current Assets</b>                             |      |               |               |
| Cash and cash equivalents                         | 6    | 1,818         | 1,791         |
| Trade and other receivables                       | 7    | 838           | 491           |
| Current tax asset                                 |      | 1,825         | 3,014         |
| <b>Total Current Assets</b>                       |      | <b>4,481</b>  | <b>5,296</b>  |
| <b>Non-Current Assets</b>                         |      |               |               |
| Plant and equipment                               | 8    | 62            | 65            |
| Investments accounted for using the equity method | 9    | 1,675         | 1,507         |
| Deferred tax assets                               | 17a  | 1,488         | 1,735         |
| Intangible assets                                 | 10   | 16,868        | 13,845        |
| <b>Total Non-Current Assets</b>                   |      | <b>20,093</b> | <b>17,152</b> |
| <b>Total Assets</b>                               |      | <b>24,574</b> | <b>22,448</b> |
| <b>Current Liabilities</b>                        |      |               |               |
| Trade and other payables                          | 11   | 866           | 2,672         |
| Financial liabilities                             | 12a  | 1,195         | 141           |
| <b>Total Current Liabilities</b>                  |      | <b>2,061</b>  | <b>2,813</b>  |
| <b>Non-Current Liabilities</b>                    |      |               |               |
| Financial liabilities                             | 12b  | 1,761         | 1,902         |
| Deferred tax liabilities                          | 17b  | 4,964         | 4,085         |
| Provisions  |      | 104           | 84            |
| <b>Total Non-Current Liabilities</b>              |      | <b>6,829</b>  | <b>6,071</b>  |
| <b>Total Liabilities</b>                          |      | <b>8,890</b>  | <b>8,884</b>  |
| <b>Net Assets</b>                                 |      | <b>15,684</b> | <b>13,564</b> |
| <b>Equity</b>                                     |      |               |               |
| Issued capital                                    | 13   | 13,187        | 11,665        |
| Reserve   | 14   | 1,040         | 845           |
| Retained earnings                                 |      | 1,457         | 1,054         |
| <b>Total Equity</b>                               |      | <b>15,684</b> | <b>13,564</b> |

The accompanying notes form part of the financial statements.

Statement of  
Changes in Equity

For the year ended 30 June 2015

|  | Option<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Share<br>Capital | Accumulated<br>(Losses) /<br>Retained<br>Earnings | Total  |
|--|-------------------|---|------------------|---|--------|
|  | \$000             | \$000   | \$000            | \$000   | \$000  |
| Balance at 30 June 2013                    | 791               | 0   | 11,297           | 762   | 12,850 |
| Share placement                            | 0                 | 0   | 399              | 0   | 399    |
| Options exercised                          | 0                 | 0   | 17               | 0   | 17     |
| Capital raising costs                      | 0                 | 0   | (61)             | 0   | (61)   |
| Options granted as remuneration            | 15                | 0   | 0                | 0   | 15     |
| Tax effect attributable to items in equity | 0                 | 0   | 13               | 0   | 13     |
| Comprehensive income                       | 0                 | 39  | 0                | 0   | 39     |
| Profit attributable to members             | 0                 | 0   | 0                | 292   | 292    |
| Balance at 30 June 2014                    | 806               | 39  | 11,665           | 1,054   | 13,564 |
| Elimination on deconsolidation             | 0                 | (39)  | 0                | 82  | 43     |
| Share placement                            | 0                 | 0   | 1,619            | 0   | 1,619  |
| Capital raising costs                      | 0                 | 0   | (139)            | 0   | (139)  |
| Options granted as remuneration            | 6                 | 0   | 0                | 0   | 6      |
| Tax effect attributable to items in equity | 0                 | 0   | 42               | 0   | 42     |
| Comprehensive income                       | 0                 | 228   | 0                | 0   | 228    |
| Profit attributable to members             | 0                 | 0   | 0                | 321   | 321    |
| Balance at 30 June 2015                    | 812               | 228   | 13,187           | 1,457   | 15,684 |

The accompanying notes form part of the financial statements

Statement of  
Cash Flows

For the year ended 30 June 2015

|  | Note | 2015<br>\$000 | 2014<br>\$000 |
|--|------|---------------|---------------|
| Cash Flows From Operating Activities                   |      |               |               |
| APAS licence signing fee                               |      | 0             | 2,000         |
| APAS milestone payments received                       |      | 482           | 3,000         |
| APAS module Income                                     |      | 118           | 0             |
| Government grants received                             |      | 243           | 128           |
| Payments to suppliers and employees                    |      | (1,662)       | (4,212)       |
| Research and development tax concession                |      | 3,014         | 827           |
| Royalties received                                     |      | 810           | 650           |
| Interest received                                      |      | 43            | 43            |
| Net Cash Provided by / (Used in) Operating Activities  | 15   | 3,048         | 2,436         |
| Cash Flows From Investing Activities                   |      |               |               |
| Research and development (intangible asset)            |      | (5,424)       | (1,865)       |
| Payments for plant and equipment                       |      | (35)          | (72)          |
| Sale of equipment                                      |      | 0             | 35            |
| Net Cash Used in Investing Activities                  |      | (5,459)       | (1,902)       |
| Cash Flows From Financing Activities                   |      |               |               |
| Loan received  |      | 1,000         | 0             |
| Loan commitment fees paid                              |      | (30)          | 0             |
| Cash proceeds from exercise of options                 |      | 0             | 17            |
| Cash proceeds from share placement (Tranche 2 and SPP) |      | 1,619         | 399           |
| Capital raising costs                                  |      | (175)         | (26)          |
| Net Cash Provided by Financing Activities              |      | 2,414         | 390           |
| Net increase/(decrease) in cash and cash equivalents   |      | 3             | 924           |
| Cash and cash equivalents at beginning of year         |      | 1,791         | 876           |
| Exchange rate adjustments                              |      | 24            | (9)           |
| Cash and Cash Equivalents at end of year               | 6    | 1,818         | 1,791         |

The accompanying notes form part of the financial statements



# Notes to the Financial Statements

For the year ended 30 June 2015

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The consolidated financial report covers LBT Innovations Ltd, a public company incorporated and domiciled in Australia and its joint venture, a private Swiss company Clever Culture Systems AG (CCS), 50% owned by LBT Innovations Ltd.

The financial report of LBT Innovations Ltd complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The consolidated financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Basis of Consolidation

The group's financial statements consolidate the financial statements of LBT Innovations Ltd and CCS. CCS's financial statements were prepared for the same reporting period using consistent accounting policies. Intercompany balances and transactions, including unrealised profits arising from intercompany transactions have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1. Statement of Significant Accounting Policies

b. Plant and Equipment

Plant and equipment is measured on the cost basis less, where applicable, any accumulated depreciation and impairment losses.

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

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over its useful life to the Company, commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Plant and Equipment  | 5 – 33%           |

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

c. Intangibles

Licence Fees and Option Fees

Licence fees and option fees are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

Research Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred.

Patents

Patents are recognised at cost of acquisition. Patents have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patent costs are amortised over their useful life ranging from 15 to 20 years.

MicroStreak and APAS Development Costs

Capitalised development costs include the concept development and preliminary design costs for MicroStreak, which include systems engineering, mechanical and electronic subsystems, and software costs (including prototypes and documentation).

Capitalised APAS development costs include software development, consulting, and some internal salaries incurred from December 2013.

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have been amortised on a systematic basis matched to the projected future economic benefits over the useful life of the licence agreement with the licence partner. In accordance with Australian Accounting Standards, capitalised costs have been amortised on a straight-line basis over the remaining licence term of 14.5 years. Amortisation expense relating to capitalised MicroStreak development costs is approximately \$671,000 per annum. Consistent with this approach and in accordance with AASB 120 Accounting for Government grants and Disclosure of Government Assistance, revenue from the Company's commercial revenue grant must be recognised over the periods in which the entity recognises as expense the related costs for which the grants are intended to compensate. As the grant received by the Company in prior years related to the capitalised costs referred to above, it has also been recognised as revenue on a straight-line basis over the remaining term of the licence. Revenue of approximately \$141,000 per annum relating to the grant will be recognised going forward.

At present there is no amortisation of capitalised APAS development costs with the exception of IT licences purchased on an annual basis. This will commence once commercial income from product is generated. APAS commercialisation will be managed through the 50:50 JV company established through a JV agreement signed in 2013 with Hettich AG Switzerland. A total of \$6 million in sign on fees and milestone payments have already been recognised by LBT, to which \$5.5 million has been received in cash and \$0.5 million receivable.

1. Statement of Significant Accounting Policies

d. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e. Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised on the income statement.

Financial Liabilities

Financial liabilities are recognised at amortised cost less principal payments and amortisation.

f. Investment Accounted for Using the Equity Method

Investment in Joint Venture

LBT established a joint venture company, Clever Culture Systems AG (JV), with Hettich AG Switzerland. LBT has a 50% interest in the JV into which it has contributed CHF25,000 share capital and granted a licence to use its APAS technology. Hettich AG Switzerland also holds a 50% interest in the JV into which it has contributed CHF25,000 share capital and has committed to a an additional working capital injection of €1.07 million. The investment in the JV with Hettich AG Switzerland is accounted for using the equity method in accordance with AASB 128. Under the equity method, the investment in the JV is initially recognised in the balance sheet of LBT at cost, and adjusted for post-acquisition changes in LBT's share of net assets in the JV. The initial cost of the investment into the JV was assessed as the CHF25,000 share capital contribution together with the fair value of the licence granted to the JV to use its APAS technology, being \$1.51 million.

Financial statements of the equity-accounted for entity are prepared for the same reporting period as the group.

g. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Key Estimates – Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, and is net of bank overdrafts.

i. Revenue

Licence fees are brought to account as revenue in accordance with the substance of the relevant agreement. Where the condition under the agreement has been fulfilled and the payments are non-refundable, licence fees are brought to account as revenue only when it is probable that the fee will be received.

Revenues from royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

1. Statement of Significant Accounting Policies

j. Share-Based Payments

Equity Settled Transactions

The Company currently has a Directors and Executive Option Plan in place to provide benefits to directors and executives in the form of share-payments whereby they render services in exchange for shares or rights over shares (equity-settled transactions).

The Company may also provide options to selected consultants in exchange for their services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party becomes fully entitled to the award (the vesting period).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Foreign Currency Transactions and Balances

Foreign currency transactions during the year were converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date were converted at the rates of exchange ruling at that date. The Company has a hedging policy under which, in appropriate circumstances, it hedges its foreign currency exposure.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

LBT's joint venture's transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the statement of financial position's date. Any resulting exchange differences are included in the comprehensive income statement. Non-monetary assets and liabilities, other than those measured at fair value are not retranslated subsequent to initial recognition.

In the consolidated financial statements, the assets and liabilities of LBT's non-Australian dollar functional currency joint venture are translated into Australian dollars at the rate of exchange at the statement of financial position's date.

m. Comparative Figures

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

n. Government Grants

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

1. Statement of Significant Accounting Policies

o. Adoption of New and Revised Accounting Standards

The Group has adopted the following revisions and amendments to AASB’s issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group’s financial statements for the annual period beginning 1 July 2014.

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

The amendment removes extra disclosure requirements with regard to the measurement of the recoverable amount of impaired assets.

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

The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and liabilities permitting entities to present balances net on the balance sheet.

The adoption of new and revised Accounting Standards effective for the financial statements for the annual period beginning 1 July 2014 did not have a material impact on the Group’s financial statements.

New Accounting Standards for Application in Future Periods

The Company notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2015. These standards have not been adopted early by the Company. The Company’s assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 Financial Instruments, including AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

- AASB 15 Revenue from Contracts with Customers (financial periods beginning on or after 1 January 2017)  
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related interpretations:
  - establishes a new revenue recognition model
  - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
  - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

- AASB 2014-1 Amendments to Australian Accounting Standards Customers (Part D: Consequential Amendments arising from AASB 14).  
Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.  
When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (financial periods beginning on or after 1 January 2016)

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

p. Critical Accounting Estimates and Judgments

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

2. Profit / (Loss) Before Income Tax Expense

- Share of profit / loss of associates and joint ventures accounted for using the equity method was included within the revenue line in the annual report for the financial year ended 30 June 2014. This is shown as a separate line item in this financial report. Below is the restated accounts as at 30 June 2014 which incorporates the effect of the change in accounting policy.

Restated Statement of Comprehensive Income For the Year Ended 30 June 2014

|   | Original<br>Value<br>30/06/14<br>\$000 | Adjustment<br>\$000 | Restated<br>Value<br>30/06/14<br>\$000 |
|---|--|---------------------|--|
| Revenue   | 3,920                                  | 71                  | 3,991                                  |
| Share of profit / (loss) of associates and joint ventures accounted for using the equity method | 0                                      | (71)                | (71)                                   |
| Profit / (Loss) before income tax   | (971)                                  | 0                   | (971)                                  |
| Income tax (expense)/benefit  | 1,263                                  | 0                   | 1,263                                  |
| Other comprehensive income:   | 292                                    | 0                   | 292                                    |
| Other comprehensive income for the year net of tax  | 39                                     | 0                   | 39                                     |
| Total comprehensive income / (loss) for the year  | 331                                    | 0                   | 331                                    |
| Basic earnings per share (cents per share)  | 0.29                                   | 0                   | 0.29                                   |

- Capitalised APAS development costs were presented within payments to suppliers and employees in the cash flows from operating activities section within the statement of cash flows in the annual report for the financial year ended 30 June 2014. LBT is now reporting this expenditure in the cash flows from investing activities. Below are the restated accounts as at 30 June 2014 which incorporates the effect of the change in accounting policy.

Cash Flows From Operating Activities

|  | Original<br>Value<br>\$000 | Adjustment<br>\$000 | Restated<br>Value<br>\$000 |
|--|----------------------------|---------------------|----------------------------|
| Payments to suppliers and employees                    | (6,077)                    | (1,865)             | (4,212)                    |
| Net Cash Provided by (Used in) Operating Activities    | 571                        | 1,865               | 2,436                      |
| Cash Flows From Investing Activities                   |                            |                     |                            |
| Research and development (intangible asset)            | 0                          | (1,865)             | (1,865)                    |
| Net Cash Used in Investing Activities                  | (37)                       | (1,865)             | (1,902)                    |
| Cash Flows From Financing Activities                   |                            |                     |                            |
| Net Cash Provided by Financing Activities              | 390                        | 0                   | 390                        |
| Net increase / (decrease) in cash and cash equivalents | 924                        | 0                   | 924                        |
| Cash and cash equivalents 1 July 2013                  | 876                        | 0                   | 876                        |
| Exchange rate adjustments                              | (9)                        | 0                   | (9)                        |
| Cash and Cash Equivalents 30 June 2014                 | 1,791                      | 0                   | 1,791                      |



|   | 2015<br>\$000 | 2014<br>\$000 |
|---|---------------|---------------|
| 3. Revenue  |               |               |
| Operating activities  | 2,324         | 3,948         |
| Interest  | 43            | 43            |
| Total Revenue   | 2,367         | 3,991         |
| 4. Profit for the Year  |               |               |
| Profit before income tax from continuing operations includes the following specific expenses:   |               |               |
| (a) Consulting fees   |               |               |
| Consulting fees include fees paid to assist with international market research, scientific and professional consulting.                               | 77            | 334           |
| (b) Employee benefits expense   |               |               |
| The employee benefits expense includes directors' fees payable in accordance with the prospectus and salaries and wages, including executive bonuses. | 761           | 1,138         |
| (c) Other Expenses  |               |               |
| Auditors' remuneration <sup>(1)</sup>   | 28            | 35            |
| Rent  | 39            | 49            |
| Travel and accommodation  | 127           | 164           |
| External research and development   | 288           | 2,032         |
| Others  | 148           | 188           |
|   | 630           | 2,468         |

NOTE (1) The auditor did not provide any non-audit services to the Company during the year.

|   |       |       |
|---|-------|-------|
| (d) Significant Revenue and Expenses  |       |       |
| The following significant revenue and expense items are relevant in explaining the financial performance: |       |       |
| APAS milestone payments   | 1,000 | 3,000 |
| Royalty income  | 846   | 648   |
| Grant income  | 310   | 267   |
| APAS module income  | 76    | 42    |
| Consulting income   | 68    | 0     |
| Foreign exchange gain (loss)  | 24    | (9)   |
| Interest income   | 43    | 43    |
|   | 2,367 | 3,991 |

|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|
| 5. Income Tax  |               |               |
| (a) The components of tax (benefit)/expense comprise:                                |               |               |
| Current tax  | (1,825)       | (3,000)       |
| Deferred tax   | 1,168         | 1,737         |
|  | (657)         | (1,263)       |
| (b) The prima facie tax on profits from ordinary activities before income            |               |               |
| Prima facie tax payable on profits from ordinary activities before income tax at 30% | (101)         | (291)         |
| Add:   |               |               |
| Tax effect of:   |               |               |
| Non-deductible amortisation  | 3             | 3             |
| 2015 R&D concession claim  | (547)         | 0             |
| 2014 R&D concession claim  | 0             | (1,005)       |
| Capital raising costs  | (12)          | 0             |
| Other  | 0             | 30            |
| Income tax attribute to the company  | (657)         | (1,263)       |
| The applicable weighted average effective tax rates are as follows:                  | N/A           | N/A           |
| 6. Cash and Cash Equivalents   |               |               |
| Cash at bank   | 1,818         | 1,791         |

|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|
|--|---------------|---------------|

7. Trade and Other Receivables

Current

|                   |     |     |
|-------------------|-----|-----|
| Trade             | 743 | 201 |
| Other             | 32  | 23  |
| GST refundable    | 63  | 267 |
| Total Receivables | 838 | 491 |

Credit Risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for. The main source of credit risk to the Company is considered to relate to the class of assets described as "trade and other receivables".

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

|                            | Gross<br>Amount<br>\$'000 | Past<br>Due and<br>Impaired<br>\$'000 | Past Due but Not Impaired (Days Overdue) |                 |                 |                | Within Initial<br>Trade Terms<br>\$'000 |
|----------------------------|---------------------------|---------------------------------------|--|-----------------|-----------------|----------------|---|
|                            |                           |                                       | < 30<br>\$'000                           | 31–60<br>\$'000 | 61–90<br>\$'000 | > 90<br>\$'000 |   |
| 2015                       |                           |                                       |  |                 |                 |                |   |
| Trade and term receivables | 743                       | 0                                     | 0  | 0               | 0               | 0              | 743                                     |
| Other receivables          | 95                        | 0                                     | 0  | 0               | 0               | 0              | 95                                      |
| Total                      | 838                       | 0                                     | 0  | 0               | 0               | 0              | 838                                     |
| 2014                       |                           |                                       |  |                 |                 |                |   |
| Trade and term receivables | 201                       | 0                                     | 0  | 0               | 0               | 0              | 201                                     |
| Other receivables          | 290                       | 0                                     | 0  | 0               | 0               | 0              | 290                                     |
| Total                      | 491                       | 0                                     | 0  | 0               | 0               | 0              | 491                                     |

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|
|--|---------------|---------------|

8. Plant and Equipment

|                                |       |      |
|--------------------------------|-------|------|
| Plant and equipment at cost    | 166   | 131  |
| Less: accumulated depreciation | (104) | (66) |
| Total plant and equipment      | 62    | 65   |

Movements in Carrying Amount

Movements in carrying amounts of plant and equipment between the beginning and the end of the financial year were as follows:

|                      |      |      |
|----------------------|------|------|
| Opening balance      | 65   | 13   |
| Additions            | 35   | 74   |
| Disposals            | 0    | (1)  |
| Depreciation expense | (38) | (21) |
|                      | 62   | 65   |

9. Investments Accounted for Using the Equity Method

(a) Recognition of Carrying Amounts

|  |       |       |
|--|-------|-------|
| Investment in joint venture at cost (Note 1 (f)) | 1,539 | 1,539 |
| Foreign currency translation reserve             | 228   | 39    |
| Share of profit/(loss) in joint venture          | (92)  | (71)  |
|  | 1,675 | 1,507 |

LBT Innovations Ltd has a 50% interest in a joint venture with Hettich AG Switzerland. The interest in the joint venture is held directly by LBT Innovations Limited. The purpose of the joint venture is to finalise the development of LBT's APAS technology.

The voting power held by LBT Innovations Ltd is 50%.

9. Investments Accounted for Using the Equity Method

(b) Summarised Financial Information for Joint Ventures

Set out below is the summarised financial information for Clever Culture Systems AG (CCS). Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian -Accounting Standards financial statements of CCS. The following summarised financial information, however, reflects the adjustments made by the group when applying the equity method, including adjustments for any differences in accounting policies between the group and the joint venture.

| Summarised Financial Position   |               |               |
|---|---------------|---------------|
|   | 2015<br>\$000 | 2014<br>\$000 |
| <b>Assets</b>   |               |               |
| <b>Current Assets</b>   |               |               |
| Cash and cash equivalents   | 188           | 255           |
| Trade and other receivables   | 1,067         | 1,018         |
| <b>Total Current Assets</b>   | <b>1,255</b>  | <b>1,273</b>  |
| <b>Non-Current Assets</b>   |               |               |
| Intangible assets   | 6,699         | 4,836         |
| <b>Total Non-Current Assets</b>   | <b>6,699</b>  | <b>4,836</b>  |
| <b>Total Assets</b>   | <b>7,954</b>  | <b>6,109</b>  |
| <b>Current Liabilities</b>  |               |               |
| Current financial liabilities (excluding trade and other payables and provisions) | 0             | 0             |
| Trade and other payables  | 604           | 95            |
| <b>Total Current Liabilities</b>  | <b>604</b>    | <b>95</b>     |
| <b>Non-Current Liabilities</b>  |               |               |
| Non-current financial liabilities   | 4,000         | 3,000         |
| <b>Total Non-Current Liabilities</b>  | <b>4,000</b>  | <b>3,000</b>  |
| <b>Net Assets</b>   | <b>3,350</b>  | <b>3,014</b>  |
| Group's share (%)   | 50%           | 50%           |
| Group's share of joint venture's net assets                                       | 1,675         | 1,507         |
| <b>Summarised Financial Performance</b>   |               |               |
| Revenue   | 0             | 0             |
| Depreciation and amortisation   | 0             | 0             |
| Interest income   | 0             | 0             |
| Interest expense  | (56)          | (25)          |
| Other expenses  | (52)          | (121)         |
| <b>Profit / (Loss) after tax from continuing operations</b>                       | <b>(108)</b>  | <b>(146)</b>  |
| Other comprehensive income  | (76)          | 4             |
| <b>Total comprehensive income/(loss) for the year</b>                             | <b>(184)</b>  | <b>(142)</b>  |
| Dividends paid  | 0             | 0             |
| Group's share of joint venture's total comprehensive income / (loss)              | (92)          | (71)          |

|   | 2015<br>\$000 | 2014<br>\$000 |
|---|---------------|---------------|
| <b>10. Intangible Assets</b>                |               |               |
| MicroStreak option fee at cost              | 51            | 51            |
| Less: accumulated amortisation (Note 1 (c)) | (37)          | (34)          |
|   | 14            | 17            |
| MicroStreak licence fee at cost             | 120           | 120           |
| Less: accumulated amortisation (Note 1 (c)) | (84)          | (76)          |
|   | 36            | 44            |
| Patent fees                                 | 247           | 247           |
| Less: accumulated amortisation (Note 1 (c)) | (104)         | (92)          |
|   | 143           | 155           |
| MicroStreak development costs (Note 1 (c))  | 11,959        | 11,959        |
| Less: accumulated amortisation              | (2,903)       | (2,232)       |
|   | 9,056         | 9,727         |
| APAS development costs (Note 1 (c))         | 7,652         | 3,902         |
| Less: accumulated amortisation              | (33)          | 0             |
|   | 7,619         | 3,902         |
| Total intangible assets                     | 16,868        | 13,845        |

The Microstreak intangible asset was, up until December 2014, measured on the net discounted cash flows of expected royalties to be received under the licence agreement entered into with bioMérieux in 2009. In January 2015, the Company was notified of an intention to terminate the licence agreement. In August 2015, the Company and bioMérieux agreed a licence agreement with a cash consideration of US\$5.5m (\$7.9m) for non-exclusive technology rights.

The Company has made an impairment review of the Microstreak intangible asset and considered the non-exclusive, limited licence with bioMérieux. The Company has evaluated the current technology and the market place, and has identified more than one party to manufacture an improved automated culture plate streaking system and to be, once again, marketing leading technology. The Company has also identified several interested licensing partners. The Directors are confident that the assessed future cash flows over the life of the asset support there being no impairment to the current carrying value of the Microstreak technology.



10. Intangible Assets

Movements in Carrying Amount

Movements in carrying amounts of intangibles between the beginning and the end of the financial year were as follows:

|                      | MicroStreak<br>Option Fee<br>at Cost<br>\$'000 | MicroStreak<br>Licence Fee<br>at Cost<br>\$'000 | Patent<br>Fees<br>\$'000 | MicroStreak<br>Development<br>Costs<br>\$'000 | APAS<br>Development<br>Costs<br>\$'000 | Total<br>Intangible<br>Assets<br>\$'000 |
|----------------------|--|---|--------------------------|---|--|---|
| Balance 1 July 2013  | 21   | 52  | 168                      | 10,398  | 0                                      | 10,639                                  |
| Additions            | 0  | 0   | 0                        | 0   | 3,902                                  | 3,902                                   |
| Disposals            | 0  | 0   | 0                        | 0   | 0                                      | 0                                       |
| Amortisation charge  | (4)  | (8)   | (13)                     | (671)   | 0                                      | (696)                                   |
| Balance 30 June 2014 | 17   | 44  | 155                      | 9,727   | 3,902                                  | 13,845                                  |
| Additions            | 0  | 0   | 0                        | 0   | 3,750                                  | 3,750                                   |
| Disposals            | 0  | 0   | 0                        | 0   | 0                                      | 0                                       |
| Amortisation charge  | (3)  | (8)   | (12)                     | (671)   | (33)                                   | (727)                                   |
| Balance 30 June 2015 | 14   | 36  | 143                      | 9,056   | 7,619                                  | 16,868                                  |

|  |               |               |
|--|---------------|---------------|
|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|

11. Trade and Other Payables

Current

|                                |     |       |
|--------------------------------|-----|-------|
| Trade creditors                | 866 | 2,672 |
| Total trade and other payables | 866 | 2,672 |

12. Financial Liabilities

(a) Current

|                                     |       |     |
|-------------------------------------|-------|-----|
| Deferred revenue                    | 141   | 141 |
| Loan                                | 1,000 | 0   |
| Unexpended grants                   | 54    | 0   |
| Total current financial liabilities | 1,195 | 141 |

(b) Non-current

|   |       |       |
|---|-------|-------|
| Deferred revenue                        | 1,761 | 1,902 |
| Total non-current financial liabilities | 1,761 | 1,902 |

|  |               |               |
|--|---------------|---------------|
|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|

13. Issued Capital

Issued and paid up capital

|  |         |         |
|--|---------|---------|
| 114,723,367 (2014: 102,727,455) ordinary shares fully paid | 14,988  | 13,369  |
| Less: costs associated with capital raising                |         |         |
| Opening balance  | (1,704) | (1,656) |
| Capital raising costs                                      | (139)   | (61)    |
| Amount incurred during year (net of tax)                   | 42      | 13      |
|  | 13,187  | 11,665  |
|  | No.     | No.     |

|  |             |             |
|--|-------------|-------------|
| Ordinary shares                            |             |             |
| At the beginning of the reporting period   | 102,727,455 | 99,374,861  |
| Conversion of options 9 December 2013      | 0           | 400,000     |
| Tranche 1 Placement allotted 25 June 2014  | 0           | 2,952,594   |
| Share Purchase Plan allotted 7 August 2014 | 3,832,944   | 0           |
| Tranche 2 Placement allotted 7 August 2014 | 8,162,968   | 0           |
| At reporting date                          | 114,723,367 | 102,727,455 |

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to 1 vote when a poll is called otherwise each member present at a meeting or by proxy has a vote on a show of hands.

Option holders

Each option entitles the holders to subscribe for 1 ordinary share in the capital of the Company. Options do not have voting rights attached, however ordinary shares issued on conversion carry the same voting rights as described above.

Capital Management

Management controls the capital of the Company in order to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

|   | 2015<br>\$000 | 2014<br>\$000 |
|---|---------------|---------------|
| <b>14. Reserve</b>  |               |               |
| Option reserve  |               |               |
| Option reserve of valuation of share options <sup>(1)</sup>   | 812           | 806           |
| Foreign currency translation reserve <sup>(2)</sup>   | 228           | 39            |
|   | 1,040         | 845           |
| <div>(1) The option reserve records items recognised as expenses on valuation of issued share options</div> <div>(2) Exchange rate fluctuations on transactions of foreign operations taken to equity</div> |               |               |

15. Cash Flow Information

|  |              |              |
|--|--------------|--------------|
| <b>Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax</b> |              |              |
| Profit (loss) after income tax   | 549          | 331          |
| Non-cash flows in loss   |              |              |
| Amortisation   | 727          | 696          |
| Depreciation   | 37           | 21           |
| Options expense  | 6            | 14           |
| Other comprehensive income   | (228)        | (39)         |
| Cash Flows attributed to investing activities  | 30           | 0            |
| <b>Changes in Assets and Liabilities</b>   |              |              |
| Decrease / (Increase) in receivables   | 462          | 1,790        |
| (Decrease)/Increase in deferred revenue  | (86)         | (141)        |
| (Increase) / Decrease in deferred tax asset  | 4            | 847          |
| Decrease / (Increase) in current tax asset   | 243          | (2,187)      |
| Decrease / (Increase) in Investment accounted for using the equity method              | 92           | 71           |
| Increase/(Decrease) in trade creditors   | 316          | 97           |
| Increase/(Decrease) in provisions  | 0            | 24           |
| Increase / (Decrease) in deferred tax liability  | 878          | 890          |
| Increase/(Decrease in deferred tax in equity   | 42           | 13           |
| (Increase)/Decrease in net unrealised (gain) loss on foreign currency held             | (24)         | 9            |
| <b>Cash flow from/(used in) operations</b>   | <b>3,048</b> | <b>2,436</b> |

|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|
| <b>16. Earnings Per Share</b>  |               |               |
| <b>Reconciliation of Earnings to Net Profit/(Loss)</b>   |               |               |
| Net Profit/(Loss)  | 321           | 292           |
| Earnings used in the calculation of basic earnings per share   | 321           | 292           |
| Earnings used in the calculation of diluted earnings per share   | 321           | 292           |
| Weighted average number of ordinary shares outstanding at 30 June 2015 used in the calculation of basic earnings per share   | 113,507,343   | 99,646,958    |
| Weighted average number of options outstanding   | 2,600,000     | 2,778,904     |
| Weighted average number of ordinary shares outstanding at 30 June 2015 used in the calculation of diluted earnings per share | 113,507,343   | 99,646,958    |

17. Tax

|   |         |         |
|---|---------|---------|
| <b>(a) Assets</b>   |         |         |
| Deferred tax assets comprise:                                   |         |         |
| Future income tax benefits attributable to tax losses           | 807     | 1,051   |
| Accruals  | 6       | 5       |
| Leave entitlements  | 53      | 53      |
| Assessable deferred accounting income                           | 571     | 613     |
| Capital raising costs   | 44      | 13      |
| Other   | 7       | 0       |
|   | 1,488   | 1,735   |
| <b>(b) Liabilities</b>  |         |         |
| Deferred tax liabilities comprise:                              |         |         |
| Capitalised development expenditure                             | 4,948   | 4,067   |
| Other   | 16      | 18      |
|   | 4,964   | 4,085   |
| <b>(c) Reconciliations</b>                                      |         |         |
| <b>i Gross Movements</b>  |         |         |
| The overall movement in the deferred tax account is as follows: |         |         |
| Opening balance   | (2,350) | (612)   |
| (Charge)/credit to income statement                             | (1,168) | (1,721) |
| Credit/(charge) to equity                                       | 42      | (17)    |
| Closing balance   | (3,476) | (2,350) |

|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|
| 17. Tax  |               |               |
| c) Reconciliations cont.   |               |               |
| ii Deferred Tax Assets   |               |               |
| The movement in deferred tax assets for each temporary difference during the year is as follows: |               |               |
| Carried forward income losses  |               |               |
| Opening balance  | 1,051         | 1,882         |
| (Charge)/credit to the income statement  | (244)         | (831)         |
| Closing balance  | 807           | 1,051         |
| Non-deductable accrued expenses  |               |               |
| Opening balance  | 5             | 4             |
| Credit/(charge) to the income statement  | 1             | 1             |
| Closing balance  | 6             | 5             |
| Provision for leave  |               |               |
| Opening balance  | 53            | 36            |
| Credit to the income statement   | 0             | 17            |
| Closing balance  | 53            | 53            |
| Deferred income  |               |               |
| Opening balance  | 613           | 655           |
| (Charge) to the income statement   | (42)          | (42)          |
| Closing balance  | 571           | 613           |
| Capital raising costs  |               |               |
| Opening balance  | 14            | 0             |
| Credit to equity   | 30            | 14            |
| Closing balance  | 44            | 14            |
| Trademarks   |               |               |
| Opening balance  | 0             | 5             |
| Credit/(Charge) to equity  | 7             | (5)           |
| Closing balance  | 7             | 0             |
| iii Deferred tax liabilities   |               |               |
| Capitalised development expenditure  |               |               |
| Opening balance  | 4067          | 3,120         |
| Charge to income statement   | 881           | 947           |
| Closing balance  | 4948          | 4,067         |
| Other  |               |               |
| Opening balance  | 19            | 75            |
| (Credit)/charge to income statement  | (3)           | (57)          |
| Closing balance  | 16            | 18            |

18. Related Party Transactions

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

(a) Names and positions of key management personnel of LBT Innovations in office at any time during the financial year:

Directors

|                  |  |
|------------------|--|
| Mr R A Finder    | Independent Chairman – Non-Executive     |
| Mrs L H Guthrie  | Chief Executive Officer                  |
| Mrs C M Costello | Independent Director – Non-Executive     |
| Mr S P Mathwin   | Independent Director – Non-Executive     |
| Dr C Popper      | Non-Independent Director – Non-Executive |

Key Management Personnel

|                |   |
|----------------|---|
| Mr P Bradley   | VP of Global Business Development             |
| Mr Daniel Hill | Chief Financial Officer and Company Secretary |

Key management personnel (KPM) remuneration has been included in the remuneration section of the Directors' Report.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

|                              | 2015<br>\$000 | 2014<br>\$000 |
|------------------------------|---------------|---------------|
| Short term employee benefits | 783           | 710           |
| Post-employment benefits     | 98            | 92            |
| Other long-term benefits     | 7             | 8             |
| Share-based payments         | 6             | 15            |
| Total KMP compensation       | 894           | 825           |

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current year's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accrued during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity settled benefit schemes as measured by the fair value of the options granted on the grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

18. Related Party Transactions

(b) Option Holdings

| 2015                     |                     |                            |                      |                                |                     |                             |                                  |                                    |
|--------------------------|---------------------|----------------------------|----------------------|--------------------------------|---------------------|-----------------------------|----------------------------------|------------------------------------|
| Directors                | Balance<br>01/07/14 | Granted as<br>Remuneration | Options<br>Exercised | Other<br>Change <sup>(1)</sup> | Balance<br>30/06/15 | Total<br>Vested<br>30/06/15 | Total<br>Exercisable<br>30/06/15 | Total<br>Unexercisable<br>30/06/15 |
| Mr R A Finder            | 750,000             | 0                          | 0                    | 0                              | 750,000             | 750,000                     | 750,000                          | 0                                  |
| Mrs C M Costello         | 250,000             | 0                          | 0                    | 0                              | 250,000             | 250,000                     | 250,000                          | 0                                  |
| Mr S P Mathwin           | 500,000             | 0                          | 0                    | 0                              | 500,000             | 500,000                     | 500,000                          | 0                                  |
| Dr C Popper              | 500,000             | 0                          | 0                    | 0                              | 500,000             | 500,000                     | 500,000                          | 0                                  |
| Key Management Personnel |                     |                            |                      |                                |                     |                             |                                  |                                    |
| Mr P Bradley             | 100,000             | 0                          | 0                    | 0                              | 100,000             | 0                           | 0                                | 100,000                            |
|                          | 2,100,000           | 0                          | 0                    | 0                              | 2,100,000           | 2,000,000                   | 2,000,000                        | 100,000                            |
| 2014                     |                     |                            |                      |                                |                     |                             |                                  |                                    |
| Directors                | Balance<br>01/07/13 | Granted as<br>Remuneration | Options<br>Exercised | Other<br>Change <sup>(1)</sup> | Balance<br>30/06/14 | Total<br>Vested<br>30/06/14 | Total<br>Exercisable<br>30/06/14 | Total<br>Unexercisable<br>30/06/14 |
| Mr R A Finder            | 750,000             | 0                          | 0                    | 0                              | 750,000             | 750,000                     | 750,000                          | 0                                  |
| Mrs C M Costello         | 250,000             | 0                          | 0                    | 0                              | 250,000             | 250,000                     | 250,000                          | 0                                  |
| Mr S P Mathwin           | 500,000             | 0                          | 0                    | 0                              | 500,000             | 500,000                     | 500,000                          | 0                                  |
| Dr C Popper              | 500,000             | 0                          | 0                    | 0                              | 500,000             | 0                           | 0                                | 500,000                            |
| Key Management Personnel |                     |                            |                      |                                |                     |                             |                                  |                                    |
| Mr P Bradley             | 0                   | 100,000                    | 0                    | 0                              | 100,000             | 0                           | 0                                | 100,000                            |
|                          | 2,000,000           | 100,000                    | 0                    | 0                              | 2,100,000           | 1,500,000                   | 1,500,000                        | 600,000                            |

18. Related Party Transactions

(c) Shareholdings

| 2015                     |                  |                             |                      |                                    |                  |
|--------------------------|------------------|-----------------------------|----------------------|------------------------------------|------------------|
| Directors                | Balance 01/07/14 | Received as<br>Remuneration | Options<br>Exercised | Net Change<br>Other <sup>(1)</sup> | Balance 30/06/15 |
| Mr R A Finder            | 5,157,331        | 0                           | 0                    | 0                                  | 5,157,331        |
| Mrs L H Guthrie          | 6,123,755        | 0                           | 0                    | 0                                  | 6,123,755        |
| Mrs C M Costello         | 1,797,228        | 0                           | 0                    | 0                                  | 1,797,228        |
| Mr S P Mathwin           | 2,312,963        | 0                           | 0                    | 87,037                             | 2,400,000        |
| Dr C Popper              | 0                | 0                           | 0                    | 0                                  | 0                |
| Key Management Personnel |                  |                             |                      |                                    |                  |
| Mr P Bradley             | 0                | 0                           | 0                    | 0                                  | 0                |
| Mr D Hill                | 0                | 0                           | 0                    | 0                                  | 0                |
| Total                    | 15,391,277       | 0                           | 0                    | 87,037                             | 15,478,314       |
| 2014                     |                  |                             |                      |                                    |                  |
| Directors                | Balance 01/07/13 | Received as<br>Remuneration | Options<br>Exercised | Net Change<br>Other <sup>(1)</sup> | Balance 30/06/14 |
| Mr R A Finder            | 4,194,367        | 0                           | 0                    | 962,964                            | 5,157,331        |
| Mrs L H Guthrie          | 5,402,957        | 0                           | 0                    | 720,798                            | 6,123,755        |
| Mrs C M Costello         | 760,716          | 0                           | 0                    | 1,036,512                          | 1,797,228        |
| Mr S P Mathwin           | 1,750,000        | 0                           | 0                    | 562,963                            | 2,312,963        |
| Dr C Popper              | 0                | 0                           | 0                    | 0                                  | 0                |
| Key Management Personnel |                  |                             |                      |                                    |                  |
| Mr P Bradley             | 0                | 0                           | 0                    | 0                                  | 0                |
| Total                    | 12,108,040       | 0                           | 0                    | 3,283,237                          | 15,391,277       |

Note (1) Net Change Other includes securities purchased/sold during the year.

(d) Directors' Related Entity Transactions with the Company

Details of remuneration paid or payable to directors for the year ended 30 June 2015 has been included in the Directors' Report.

The Company engaged the services of Popper and Company LLC during the year ended 30 June 2015. This is a company controlled by Caroline Popper. Popper and Company LLC was engaged to provide consultancy services relating to the oversight of clinical trials to the Company and was paid US\$230,958 (\$286,581) in the financial year on normal commercial terms.

In June 2015, the Company entered into a loan facility with related parties of Robert Finder, Stephen Mathwin and Daniel Hill for the provision of a \$1m loan facility intended to bridge the timing of the expected 2015 R&D tax refund. The Company reviewed similar loan facilities in the market place and terms were agreed at better than market terms. As at 30 June 2015, the full amount was drawn by the Company.



18. Related Party Transactions

(e) Other Related Parties Transactions with the Company

SA Pathology (formally Medvet Science Pty Ltd)  
SA Pathology is a shareholder in LBT Innovations, holding 4,703,401 ordinary shares (2014 – 4,703,401).  
Acquisition and Invention of Technology – MicroStreak  
On 1 December 2004, the Company entered into a Technology Licence Agreement with Medvet Science Pty Ltd under which it has an exclusive worldwide licence to make, use and sell products derived from technology now known as MicroStreak.  
In consideration for the MicroStreak licence, LBT Innovations has paid to Medvet Science Pty Ltd a licence fee of \$220,000.  
LBT Innovations must pay to SA Pathology (formally Medvet Science Pty Ltd) a royalty, calculated on LBT Innovations’ revenues related to sales of MicroStreak applicators, at the following rates:  
(a) Australia – 3% of LBT Innovations’ applicator revenues;  
(b) In all other countries:  
• 3% of applicator revenues for the first three years from the date of first commercial sale in each country; and  
• 7% of applicator revenues thereafter for the remainder of the term.  
The royalty referred to above is payable in respect of each quarter, on or before the end of the month following the end of each quarter.  
Medvet Science Pty Ltd received milestone payments from LBT Innovations within six months of reaching the following milestones:  
(i) First commercial sale in Australia – \$20,000  
(ii) First commercial sale in Europe – \$50,000  
(iii) First commercial sale in the United States of America – \$150,000

Note: Medvet Science Pty Ltd transfer of rights to SA Pathology.  
Medvet Science Pty Ltd no longer acts as an agent for SA Pathology, a business unit of Adelaide Health Service Inc. All Medvet Science Pty Ltd’s rights and obligations in respect of MicroStreak were transferred to SA Pathology, effective May 2011.

19. Financial Risk Management

(a) Financial Risk Management Policies

The Company’s financial instruments consist mainly of deposits with banks, and accounts receivable and payable. The Company does not invest in any derivative instruments.

i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board’s overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance.

The Board has established an investment policy that is reviewed on a regular basis.

ii) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Company no longer will received USD royalty income from bioMérieux, as it has entered a new agreement receiving a one-time, final payment of US\$5.5m in September 2015. The timing of the exposure period will be minimal. Milestone payments and other income from the joint venture with Hettich AG Switzerland are invoiced and received in AUD.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate deposits. At 30 June 2015 none of the Company’s cash deposits were fixed.

Foreign currency risk

The Company is exposed to fluctuations in foreign currencies arising from the receipt of milestone and royalty payments in currencies other than the Company measurement currency. At balance date, the Company had an exposure in respect of royalty payments due for the period 1 April 2015 to 30 June 2015 amounting to US\$150,000.

The Company will initially deposit royalty receipts in a USD account held with the National Australia Bank. At 30 June 2015 the balance of this account was US\$239,698.

19. Financial Risk Management

(a) Financial Risk Management Policies cont.

ii) Financial Risk Exposures and Management cont.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash deposits are maintained.

Credit risk

The maximum exposure to credit risk is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with a credit rating of ‘A’ long term (Standard and Poors rating) are used; and
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

(b) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management’s expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

|                             | Weighted Average Effective Interest Rate % |      | Floating Interest Rate \$ 000 |       | Within 1 Year \$ 000 |      | 1 to 5 Years \$ 000 |      | Over 5 Years \$ 000 |      | Non-interest Bearing \$ 000 |       | Total \$ 000 |       |
|-----------------------------|--|------|-------------------------------|-------|----------------------|------|---------------------|------|---------------------|------|-----------------------------|-------|--------------|-------|
|                             | 2015                                       | 2014 | 2015                          | 2014  | 2015                 | 2014 | 2015                | 2014 | 2015                | 2014 | 2015                        | 2014  | 2015         | 2014  |
| Financial Assets            |  |      |                               |       |                      |      |                     |      |                     |      |                             |       |              |       |
| Cash and cash equivalents   | 2.1%                                       | 2.4% | 1,578                         | 1,713 | 0                    | 15   | 0                   | 0    | 0                   | 0    | 240                         | 63    | 1,818        | 1,791 |
| Receivables                 | 0  | 0    | 0                             | 0     | 0                    | 0    | 0                   | 0    | 0                   | 0    | 838                         | 491   | 838          | 491   |
| Total Financial Assets      |  |      | 1,578                         | 1,713 | 0                    | 15   | 0                   | 0    | 0                   | 0    | 1,078                       | 554   | 2,656        | 2,282 |
| Financial Liabilities       |  |      |                               |       |                      |      |                     |      |                     |      |                             |       |              |       |
| Deferred revenue            | 0  | 0    | 0                             | 0     | 0                    | 0    | 0                   | 0    | 0                   | 0    | 1,956                       | 2,043 | 1,956        | 2,043 |
| Trade Payables Borrowings   | 12.5%                                      | 0    | 0                             | 0     | 1,000                | 0    | 0                   | 0    | 0                   | 0    | 970                         | 2,756 | 1,970        | 2,756 |
| Total Financial Liabilities |  | 0    | 0                             | 0     | 1,000                | 0    | 0                   | 0    | 0                   | 0    | 2,926                       | 4,799 | 3,926        | 4,799 |

All trade and sundry payables are expected to be paid within three months of balance date.

19. Financial Risk Management

(c) Net Fair Values

The net fair values of all assets and liabilities approximate their carrying value.

(d) Sensitivity Analysis

The Company has performed a sensitivity analysis to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity, which could result from a change in these risks.

At 30 June 2015, the effect on profit and equity after tax as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

|                                   | 2015<br>\$000 | 2014<br>\$000 |
|-----------------------------------|---------------|---------------|
| <b>Change in profit</b>           |               |               |
| - increase in interest rate by 2% | 25            | 27            |
| - decrease in interest rate by 2% | (25)          | (27)          |
| <b>Changes in equity</b>          |               |               |
| - increase in interest rate by 2% | 25            | 27            |
| - decrease in interest rate by 2% | (25)          | (27)          |

20. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2015:

At the general meeting of shareholders on 10 April 2007, it was agreed to issue Stephen Paul Mathwin 500,000 class E options that may be exercised from 17 April 2009 up until 17 April 2017 with an exercise price of \$0.20.

At the Annual General Meeting held 29 November 2006, it was resolved to issue 250,000 options to Mr D P LeMessurier and Mrs C M Costello. These class F options may be exercised from 25 September 2009 to 24 May 2017 and have an exercise price of \$0.30.

At the Annual General Meeting held 19 November 2007, it was resolved to issue 750,000 options to Mr R A Finder. These options have an exercise price of \$0.20 and may be exercised from 5 December 2009 to 5 December 2017. These options were granted on 24 May 2007.

During 2009, 250,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.165 each. These options are exercisable during the period 6 January 2011 to 23 January 2019. 200,000 of these options were forfeited on departure of the relevant employee.

During 2011, 200,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.065 each. These options are exercisable during the period 29 September 2012 to 24 August 2020.

During 2013, 500,000 share options were granted to Dr Caroline Popper in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.058 each. These options are exercisable during the period 29 November 2014 to 29 November 2022.

During 2014, 100,000 share options were granted to Peter Bradley in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.045 each. These options are exercisable during the period 11 December 2015 to 11 December 2023.

20. Share-Based Payments

|  | Number of<br>Options | Weighted Average<br>Exercise Price | Number of<br>Options | Weighted Average<br>Exercise Price |
|--|----------------------|------------------------------------|----------------------|------------------------------------|
|  | 2015                 | \$                                 | 2014                 | \$                                 |
| Outstanding at the beginning of the year | 2,600,000            | 0.175                              | 2,900,000            | 0.16                               |
| Granted                                  | 0                    |                                    | 100,000              |                                    |
| Forfeited                                | 0                    |                                    | 0                    |                                    |
| Exercised                                | 0                    |                                    | 400,000              |                                    |
| Expired                                  | 0                    |                                    | 0                    |                                    |
| Outstanding at year end                  | 2,600,000            | 0.175                              | 2,600,000            | 0.175                              |
| Exercisable at year end                  | 2,500,000            | 0.18                               | 2,000,000            | 0.21                               |

During 2014, 400,000 share options granted to employees in accordance with the Employee Share Options Plan were exercised. The options outstanding at 30 June 2015 had a weighted average exercise price of \$ 0.175 and a weighted average remaining contractual life of 4.0 years. Exercise prices range from \$0.045 and \$0.30.

Options issued to directors and employees cannot be exercised until the second anniversary after the grant date. Any options held at the date a director ceases to be an officer automatically lapse within 90 days unless the Board approves an extension. Accordingly, it is considered that these options do not fully vest until such time as they can be exercised. In accordance with AASB 2 "Share-based Payment", the fair value of the options has been expensed over the vesting period.

Historical volatility has been the basis for determining expected share price volatility.

21. Segment Reporting

(a) The Company operates in one business segment, conducting research and development.

(b) Revenue by geographic region

|               | 2015<br>\$000 | 2014<br>\$000 |
|---------------|---------------|---------------|
| Australia     | 377           | 301           |
| Switzerland   | 1,144         | 3,042         |
| USA           | 846           | 648           |
| Total revenue | 2,367         | 3,991         |

(c) Assets by geographical region

The Company holds a 50% interest in the joint venture with Hettich AG Switzerland. At balance date, the carrying value of the Company's interest in the joint venture was \$1,675,000. The joint venture is based in Switzerland.

(d) Major customers

LBT Innovations Ltd derives royalties from its MicroStreak technology that is licensed to the French diagnostic company bioMérieux. These royalties account for 36% of external revenue (2014 16%).

LBT Innovations recognised \$1,000,000 in Milestone payments and \$144,000 service fees during the financial year from its joint venture with Hettich AG Switzerland. LBT Innovations Ltd recognised 50% of the joint venture losses of \$184,000.

22. Credit Standby Arrangements

The Company has a credit standby facility of \$40,000. This facility was used to the extent of \$3,244 at balance date.

23. Capital, Royalty and Other Fees Commitments

(a) Acquisition of Invention and Technology – MicroStreak.

|  |   |
|--|---|
| SA Pathology (formally Medvet Science Pty Ltd) | Nature  |
|  | Royalties payable under a Technology Licence agreement entered into on 1 December 2004. |

|  |               |               |
|--|---------------|---------------|
|  | 2015<br>\$000 | 2014<br>\$000 |
|--|---------------|---------------|

24. Operating Leasing Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

|                                    |     |   |
|------------------------------------|-----|---|
| Payable – minimum lease payments   |     |   |
| – not later than 12 months         | 95  | 5 |
| – between 12 months and five years | 108 | 0 |

The property lease is a non-cancellable lease with a 3-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments will be \$90,000 for the 1st year, \$95,000 in the 2nd year, and \$100,000 for the 3rd year. An option exists to renew the lease at the end of the 3-year term for an additional term of 3 years. The lease allows for subletting of all lease areas.

25. Events After the Balance Sheet Date

Subsequent to 30 June 2015

On 27 August 2015, the Company announced that it had signed a new licence agreement with bioMérieux, thereby terminating the licence agreement with them signed in 2007. As a part of the new, non-exclusive licence, the Company received US\$5.5m (A\$7.9m) in September 2015.

26. Company Details

The registered office and principal place of business of the Company is:

Level 1, 300 Flinders Street  
Adelaide SA 5000

Phone: +61 8 8227 1555

Fax: +61 8 8223 1775

Website: lbtinnovations.com

Directors’  
Declaration

The directors of the Company declare that:

- (1) the financial statements and notes, as set out on pages 22 to 50, are in accordance with the Corporations Act 2001 and:
  - comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
  - give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company;
- (2) the Chief Executive Officer and Chief Finance Officer have each declared that:
  - the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - the financial statements and notes for the financial year comply with the Accounting Standards; and
  - the financial statements and notes for the financial year give a true and fair view;
- (3) in the directors’ opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Board has received assurance from the CEO and the Company Secretary that the declaration is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks. This declaration is made in accordance with a resolution of the Board of directors.

  
**Lusia Halina Guthrie**  
Director

  
**Robert Andrew FINDER**  
Director

Dated at Adelaide this 18th day of September 2015.



# Independent Auditor’s Report



Chartered Accountants

LBT INNOVATIONS LIMITED

ABN 95 107 670 673

## INDEPENDENT AUDITOR’S REPORT

To the members of LBT Innovations Limited

### Report on the Financial Report

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

### Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's and its controlled 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*.

HLB Mann Judd (SA Partnership) ABN: 22 640 925 071  
169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502  
Postal: PO Box 377, Kent Town SA 5071

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Chartered Accountants

## INDEPENDENT AUDITOR’S REPORT (continued)

### Opinion

In our opinion:

- (a) the financial report of LBT Innovations 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 its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### Emphasis of Matters

We draw attention to the following paragraphs in Note 10 to the financial statements which describe the uncertainty, related to the carrying value of the intangible asset (Intellectual Property) of LBT Innovations Limited.

"The Microstreak intangible asset was, up until December 2014, measured on the net discounted cash flows of expected royalties to be received under the licence agreement entered into with bioMérieux in 2009. In January 2015, the Company was notified of an intention to terminate the licence agreement. In August 2015, the Company and bioMérieux agreed a licence agreement with a cash consideration of US\$5.5m (\$7.9m) for non-exclusive technology rights. The Company has made a determination over the remaining life of the asset.

The Company has made an impairment review of the Microstreak intangible asset and considered the non-exclusive, limited licence with bioMérieux. The Company has evaluated the current technology and the market place, and has identified more than one party to manufacture an improved automated culture plate streaking system and to be, once again, marketing leading technology. The Company has also identified several interested licensing partners. The Directors are confident that the assessed future cash flows over the life of the asset support there being no impairment to the current carrying value of the Microstreak technology."

Our opinion is not modified in respect of this matter.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 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.

### Opinion

In our opinion, the Remuneration Report of LBT Innovations Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

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INDEPENDENT AUDITOR'S REPORT (continued)

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of LBT Innovations Limited for the financial year ended 30 June 2015 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB Mann Judd  
Chartered Accountants

Adelaide, South Australia  
18 September 2015

Phil Plummer  
Partner

HLB Mann Judd (SA Partnership) ABN: 22 640 925 071  
169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502  
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Shareholder Information

As at 14 September 2015

Statement of Issued Securities

The total number of shareholders is 815 and there are 114,723,367 ordinary fully paid shares on issue.

The total number of Class E option holders is 1 and there are 500,000 Class E Options on issue.

The total number of Class F option holders is 2 and there are 500,000 Class F Options on issue.

| Other Options<br>Expiry date | Number of<br>holders | Number on<br>issue | Number of<br>restricted securities | Release date<br>(if applicable) |
|------------------------------|----------------------|--------------------|------------------------------------|---------------------------------|
| 5 December 2017              | 1                    | 750,000            | 0                                  | N/A                             |
| 6 January 2019               | 1                    | 50,000             | 0                                  | N/A                             |
| 24 August 2020               | 1                    | 200,000            | 0                                  | N/A                             |
| 29 November 2022             | 1                    | 500,000            | 0                                  | N/A                             |
| 11 December 2023             | 1                    | 100,000            | 100,000                            | 11/12/15                        |

Distribution of Securities

| Equity<br>Distribution | No of<br>Share-<br>holders | No of Class<br>E Option-<br>holders | No of Class<br>F Option-<br>holders | No of<br>Option-<br>holders<br>Exp 5/12/17 | No of<br>Option-<br>holders<br>Exp 6/1/19 | No of<br>Option-<br>holders<br>Exp 24/8/20 | No of<br>Option-<br>holders<br>Exp 29/11/22 | No of<br>Option-<br>holders<br>Exp 11/12/23 |
|------------------------|----------------------------|-------------------------------------|-------------------------------------|--|---|--|---|---|
| 1 – 1,000              | 18                         | 0                                   | 0                                   | 0  | 0   | 0  | 0   | 0   |
| 1,001 – 5,000          | 81                         | 0                                   | 0                                   | 0  | 0   | 0  | 0   | 0   |
| 5,001 – 10,000         | 154                        | 0                                   | 0                                   | 0  | 0   | 0  | 0   | 0   |
| 10,001 – 100,000       | 406                        | 0                                   | 0                                   | 0  | 1   | 0  | 0   | 1   |
| 100,001 and over       | 156                        | 1                                   | 2                                   | 1  | 0   | 1  | 1   | 0   |
|                        | 815                        | 1                                   | 2                                   | 1  | 1   | 1  | 1   | 1   |

The number of shareholdings held in less than marketable parcels is 99.

Substantial Shareholders

The names of the substantial shareholders listed in the Company’s register as at 14 September 2015 are:

| Name  | Number of Shares held | % Held of Issued Capital |
|---|-----------------------|--------------------------|
| bioMérieux SA   | 9,772,727             | 8.52                     |
| Mr Brendan Moran + Morcap Pty Ltd   | 7,514,726             | 6.55                     |
| Mrs Lucyna Halina Guthrie + Mr Hugh Berkerley Guthrie <The Podlaska Super Fund A/C> | 6,123,755             | 5.34                     |
|   | 23,411,208            | 20.41%                   |

Voting Rights

Refer to Note 13.

On Market Buy Back

There is no current on market buy back.

Top 20 Shareholders

| Rank | Name  | Number of Shares | % of Shares |
|------|---|------------------|-------------|
| 1    | bioMérieux SA   | 9,772,727        | 8.52        |
| 2    | Mr Brendon Moran  | 6,874,516        | 5.99        |
| 3    | Mrs Lusia Halina Guthrie + Mr Hugh Berkeley Guthrie <The Podlaska Super Fund A/C> | 5,975,606        | 5.21        |
| 4    | Mr Robert Andrew Finder & Mrs Sheryl Jean Finder <Sherrob9 S/F A/C>               | 4,742,093        | 4.13        |
| 5    | Carina Management Pty Ltd <Brydon Family A/c>                                     | 3,703,704        | 3.23        |
| 6    | Medvet Science Pty Ltd  | 3,333,334        | 2.91        |
| 7    | Avanteos Investments Limited <1823201>  | 2,894,329        | 2.52        |
| 8    | Avanteos Investments Limited <1823205>  | 2,860,365        | 2.49        |
| 9    | Ruin Pty Ltd <Steve Mathwin Super A/C>  | 2,400,000        | 2.09        |
| 10   | Mr David Cattuzzo + Mrs Elizabeth Cattuzzo  | 2,204,000        | 1.92        |
| 11   | Mr Stephen Goodwin  | 2,150,000        | 1.87        |
| 12   | Citicorp Nominees Pty Ltd   | 1,873,818        | 1.63        |
| 13   | Costello Consulting Pty Ltd   | 1,335,312        | 1.16        |
| 14   | Mr Leng Kuan Ng + Ms Junisilver Taij + Mr Leng Ming Ng <TNG Superfund A/c>        | 1,273,394        | 1.11        |
| 15   | Angueline Investments Pty Ltd <Angueline A/C>                                     | 1,200,000        | 1.05        |
| 16   | Mr Bryce Whetton  | 1,121,111        | 0.98        |
| 17   | Mr Ari Pullinen + Mrs Outi Pullinen <A&O Pullinen Super S/F A/c>                  | 1,117,541        | 0.97        |
| 18   | KMEC Superannuation Pty Ltd   | 1,048,113        | 0.91        |
| 19   | Medvet Science Pty Ltd  | 1,000,000        | 0.87        |
| 20   | Mr Jarkko Petteri Pullinen  | 1,000,000        | 0.87        |
|      |   | 57,879,963       | 50.43%      |

Top 20 Class E Option-holders (not listed)

| Rank | Name               | Number of Options | % of Options |
|------|--------------------|-------------------|--------------|
| 1    | Mr Stephen Mathwin | 500,000           | 100.00%      |
|      |                    | 500,000           | 100.00%      |

Top 20 Class F Option-holders (not listed)

| Rank | Name                         | Number of Options | % of Options |
|------|------------------------------|-------------------|--------------|
| 1    | Ms Catherine Mary Costello   | 250,000           | 50.00%       |
| 2    | Mr Douglas Peter LeMessurier | 250,000           | 50.00%       |
|      |                              | 500,000           | 100.00%      |

Top 20 Other Option-holders (not listed)

| Rank | Name   | Number of Options | % of Options |
|------|--|-------------------|--------------|
| 1    | Mr Robert Finder (option expire 5/12/17 – ex price \$0.20)           | 750,000           | 46.88%       |
| 2    | Dr Caroline Popper (option expire 29/11/22 – ex price \$0.058)       | 500,000           | 31.25%       |
| 3    | Mr John Glasson (200,000 options expire 24/8/20 – ex price \$0.065)  | 200,000           | 12.50%       |
| 4    | Mr Peter Bradley (100,000 options expire 24/8/20 – ex price \$0.045) | 100,000           | 6.25%        |
| 5    | Ms Deborah Nutt (50,000 options expire 6/1/19 – ex price \$0.165)    | 50,000            | 3.13%        |
|      |  | 1,600,000         | 100%         |

Register of Securities

The register of securities is located at:

Computershare Investor Services Pty Limited  
GPO Box 1903 Adelaide, South Australia 5001, Australia

Enquiries (within Australia) 1300 729 063  
Enquiries (outside Australia) +61 3 9415 4675  
Facsimile +61 8 8236 2305

web.queries@computershare.com.au

computershare.com.au

