

# **Analytica Limited**

**ABN: 12 006 464 866**

## **Consolidated Financial Statements**

**For the Year Ended 30 June, 2015**

**Analytica Limited**

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**For the Year Ended 30 June, 2015**

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## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

The directors present their report, together with the interim financial statements of the Group, being Analytica Limited (the Company) and its controlled entities, for the year ended 30 June, 2015.

#### **1. General information**

##### **Information on directors**

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

##### **Dr Michael Monsour**

Qualifications

Chairman (appointed 28 June 2004)

MBBS-HONS, FACRRM, FAICD

Experience

Dr Michael Monsour is a Medical Practitioner with extensive interests in Queensland medical and dental centres. Michael Monsour graduated from the University of Queensland in 1977 in medicine with honours. He operates a medical management company, which provides management support to medical and dental practitioners. He is the principal of Godbar Software (established 1988) which is one of the leading software developers of Occupational Health, Safety and Medical Accounting software packages in Australia.

Interest in shares and options

Direct:

Dr MP Monsour Director's interest in ordinary shares 2,606,337

Indirect (ordinary shares):

MPAMM Pty Ltd 44,687,785

Halonna Pty Ltd 97,164,451

MP Monsour Medical Practice Pty Ltd 19,747,277

Other related parties:

Ordinary shares 2,037,481

Unlisted options:

13,00,000 @3.24c expire 29/10/2018

Listed Options:

ALTO Options 16,666,666 @1.1c Expire 29/02/2016

ALTOA Options 16,666,666 @1.4c Expire 28/02/2018

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

#### 1. General information continued

##### Information on directors continued

|   |  |
|---|--|
| <b>Mr Ross Mangelsdorf</b>  | Executive Director (appointed 7 October 2008)  |
| Qualifications  | B.Bus, FCA, CTA, MAICD   |
| Experience  | Mr Mangelsdorf is a Director of a Queensland based land development Company and has been a Director/partner of a chartered accounting firm for 34 years. He works with SME production, manufacturing and retail firms assisting with business, taxation and management services.   |
| Interest in shares and options  | <p>Direct:</p> <p>Ross Mangelsdorf</p> <p>Director's interest in ordinary shares: 21,332</p> <p>Indirect:</p> <p>RM &amp; JM Mangelsdorf</p> <p>Ordinary shares 21,332</p> <p>Tambien Pty Ltd</p> <p>Ordinary shares 25,539,125</p> <p>Other related parties:</p> <p>Ordinary shares 3,420,004</p> <p>Unlisted options:</p> <p>10,000,000 @3.24c expire 29/10/2018</p> <p>Listed Options:</p> <p>ALTO Options 2,614,995 @1.1c Expire 29/02/2016</p> <p>ALTOA Options 2,614,995 @ 1.4c Expire 28/02/2018.</p> |
| Special responsibilities  | Mr Mangelsdorf performs the function of Chief Financial Officer.   |
| <b>Mr Warren Brooks</b>   | Non Executive Director (appointed 25 July 2011)  |
| Qualifications  | Securities Institute Certificate, Diploma in Financial Planning  |
| Experience  | Warren previously had 30 years experience working in Investment Banking and Stockbroking.  |
| Interest in shares and options  | <p>Indirect director's interest:</p> <p>W Brooks Investments Pty Ltd</p> <p>Ordinary shares 48,645,000</p> <p>Unlisted Options:</p> <p>8,000,000 @3.24c Expire 29/10/18</p> <p>Listed Options</p> <p>ALTO Options 5,405,000 @ 1.1c Expire 29/02/2016</p> <p>ALTOA Options 5,405,000 @1.4c Expire 28/02/2018</p>  |
| Other directorships in listed entities held in the previous three years | <p>Mr Brooks was the Managing Director and Founder of boutique Financial Advisory firm Clime AFM Pty Ltd which was a wholly owned subsidiary of Clime Investment Management Ltd, an ASX listed Company.</p> <p>Warren founded Australian Financial Management (Investment) Pty Ltd in 1998 and sold the business to Clime Investment Management</p>  |

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

#### 1. General information continued

##### Information on directors continued

|  |  |
|--|--|
| <b>Mr Carl Stubbings</b>                       | Non Executive Director (appointed 13 January 2013)   |
| Qualifications                                 | Bachelor of Science degree from the Queensland University of Technology  |
| Experience                                     | Mr Stubbings' experience in the sector spans over 30 years with a focus on medical diagnostics as well as biotechnology. He has specialised in sales with a particular emphasis on marketing across North America, Latin America, Asia Pacific and Europe as well as roles covering manufacturing and administration.  |
|  | Previously a board member of the Queensland North America Biotech Advisory Council.  |
| Interest in shares and options                 | Indirect director's interest:<br>C&K Stubbings Super Fund<br>Ordinary shares 2,746,322<br><br>Listed Options:<br>ALTO Options 305,146 @ 1.1c Expire 29/02/2016<br>ALTOA Options 305,146 @ 1.4c Expire 28/02/2018   |
| Other current directorships in listed entities | Currently focused on developing and executing the commercialisation strategy including licensing and partnership agreements, Mr Stubbings' position as chief business officer at ASX-listed Benitec Biopharma Limited also sees him responsible for managing shareholder and investor relations.<br><br>Mr Stubbings is also currently a non-executive director of unlisted public company Sienna Diagnostics, providing strategic direction for the company's high performing cancer diagnostic test. |
| <b>Dr Thomas Lönngren</b>                      | Non-Executive Director (appointed 10 August 2015)  |
| Qualifications                                 | Degree in Pharmacy, Master of Science Degree in social and regulatory pharmacy. Honorary Doctorate from University of Bath, UK (2011), University of Uppsala, Sweden (2008), and Honorary Fellow of the Royal College of Physicians and Honorary Member of the Royal Pharmaceutical Society of Great Britain.  |
| Experience                                     | Dr Lönngren has a profound knowledge and experience in drug and medical device regulation, and health economics across the world's major markets. His extensive network of contacts in multinational pharmaceutical and medical device companies and capital markets will be a great asset for our Company as we expand our operations into the United States and Europe.  |
| Other current directorships in listed entities | Dr Lönngren's current positions include Director and Founder of Pharma Executive Consulting Ltd in London, Strategic Advisor at NDA Group in Sweden, Germany, UK and Cambridge, MA, US and Non-Executive Director of Global Kinetics Corporation in Australia.   |

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

## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

#### **1. General information continued**

##### **Principal activities and significant changes in nature of activities**

The principal activities of the Group during the year were:

- The development of strategies on commercial sales of PeriCoach;
- The development of intellectual property of medical device and mobile health application in relation to patents and systems in the pelvic floor exercise field (PeriCoach);
- Development of intellectual property of medical device to assist neurologists and rehabilitate treatment of muscular spasticity. (ELF-2).
- The development of intellectual property in the medical device field in relation to patents in the burette field (AutoStart Infusion System);
- The development of strategies for commercial sales of burette products;

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

#### **2. Operating results and review of operations for the year**

##### **Operating results**

The consolidated loss of the Group amounted to \$ (5,315,604), after providing for income tax. This represented an increase on the loss of \$(2,139,596) result reported for the year ended 30 June 2014 of \$(3,176,008). Significant expense increases for marketing of \$1,896,173 to \$2,292,793 (2014:\$396,620) with the release of the next phase of the PeriCoach system. Research and development increased by \$639,714 to \$2,835,508 (2014:\$2,195,794) was largely due the continued development of the PeriCoach system. Administration costs increased by \$498,869 to \$1,014,953 (2014:\$516,084).

##### **Review of operations**

A review of the operations of the Group during the financial year and the results of those operations show are as follows:

##### **PeriCoach®**

##### **• Development**

The PeriCoach system qualifies for the Research and Development Tax concession. \$988,107 was received in October for the 2014 year. A claim has been lodged for the 2015 year due to the considerable and significant Research and Development for the year. Although the PeriCoach is now in the market, the board strongly believe development must continue to secure and enhance the company value.

## **Directors' Report**

**For the Year Ended 30 June, 2015**

### **2. Operating results and review of operations for the year continued**

#### **Review of operations continued**

##### **a) Hardware**

- i) The PeriCoach is a sophisticated medical device designed to collect data not been collected before outside of a clinical environment. The limited market release identified issues with the Bluetooth transmission from device to phone. With data from a range of users, makes and models of phones the existing standard did not meet our reliability expectation. As a result a recently developed Bluetooth standard was adopted which required rework of the device.
- ii) An additional benefit of reworking the device also included features developed since the first build.

##### **b) Software**

- i) There is a huge amount of data being collected by the sensors. This data is transmitted to the cloud for further analysis. As well as transmitting the data, the phone simplifies the data to provide immediate feedback to the user. This programming is ongoing as more data is collected opportunities are identified.
- ii) With the release for sale and feedback from the limited release the purchase and payment system was further refined. For both the UK and the US, ordering and payment portals needed to be created and linked to each country's logistics.
- iii) The web page has and will continue to evolve to stay fresh and interesting to consumers.

##### **c) Regulatory**

- i) Australian registration (TGA) and European (CE) was achieved in 2014 supported by extensive documentation and testing.
- ii) Achieving United States (FDA) approval in March 2015 was a major investment and milestone. Not only is the United States market huge, the registration carries weight in other jurisdictions. This registration permits the PeriCoach to be sold by prescription.

##### **d) Testing**

- i) Controlled market release. This stage of testing was carried out from June through to December 2014. The data and feedback from this testing contributed to many small adjustments and changes to enhance useability and accuracy. Of greater significance was the complete redevelopment of the Bluetooth platform. This complex redevelopment not only solved some persistent issues it also addressed multiple operating systems but greatly contributed to future proofing. Not only will future enhancements and upgrades increase the capability of the system, there will also be significant cost savings as a result.
- ii) Clinical Trial. Although not required by regulatory regimes, Analytica are conducting a full clinical trial for incontinence treatment and sexual function. This trial is to provide independent verified proof of the PeriCoach system, for consumers, clinicians and partners.
- iii) Clinical advisory boards in both Australia and the United States were formed to provide expert guidance as well as design the clinical trial. To achieve the statistical significance required this is a large trial. As a result considerable resources and time have been deployed to recruit participants.

## **Directors' Report**

**For the Year Ended 30 June, 2015**

### **2. Operating results and review of operations for the year continued**

#### **Review of operations continued**

##### **• Marketing**

- The sales team was recruited and have been visiting specialists and representing the company at clinicians conferences.
- Mail and email campaigns targeting GP's and their support team.
- Articles in GP publications. Engagement of clinical advisory board members in events.
- Expanded PeriCoach health care network.
- Clinical trials commenced.
- Completion by jacobstahl, specialist medical device PR agency, New York, PeriCoach marketing strategy.
- Attendance by sales team at mother's expo's and publishing brochures, bathroom advertising, trials of pharmacy health and sales promotions.
- Sponsorship of sporting events, developing and releasing YouTube video promotions, training and testimonials.
- Media activity in women's magazines.
- United States: PeriCoach presence at key clinician conferences. Logistics and distribution in place and sales release in June 2015. US early adopters program underway. Help desk trained and operational. Active assistance of key opinion leaders.
- European: Logistics, distribution and sales channels in place and sales commenced June 2015.
- Data warehousing in operation and early statistics developing, with preliminary statistics published.
- Key social media bloggers activity including their support of local and national events.
- Expanded web content, digital media campaign including Google Adwords, remarketing, Facebook advertising, conversion rate optimisation.

##### **• Partnership**

The US and EU markets are huge markets. Analytica's modest resources cannot address these markets effectively so the board are actively engaged in discussions with potential partners. Directors Carl Stubbings and Dr Thomas Lönngren both have experience and networks in the US and EU.

##### **• ELF2**

Analytica has deferred development of this medical device for treatment of muscular spasticity, devoting resources to the PeriCoach. The ELF2 device delivers a low-frequency voltage used by neurologists to locate nerve endings during Botulinum neurotoxin A injection treatment. Analytica's development of this device, licenced from Gorman ProMed Ltd in 2012, is to enhance usability features of a device currently in use and respected by the market. Analytica has applied for a patent for simultaneous low-frequency stimulation and electromyography functionality for the ELF2 product.

##### **• AutoStart Infusion System**

This product, despite overwhelming evidence of cost effectiveness and safety has struggled for a foothold in the small Australian market. The board commissioned South South Capital Partners to source partners in other countries to commercialise this outstanding product, resulting in a distribution agreement signed with Taiwan Allied Dragon Inc (TAD). The regulatory process for permitting the AutoStart Infusion System to be used in Taiwan has stalled due to a regulatory issue.



## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

#### **2. Operating results and review of operations for the year continued**

##### **Review of operations continued**

##### **• Intellectual Property**

Analytica continues to develop and protect its Intellectual Property through patents, trademarks and design registrations. Analytica's licensed burette patents (1995) are maintained for the North American, Australian, and European markets and more recent (2006) patent-pending embodiments are extended in these regions and China until 2026.

Analytica's Flush feature developed in 2008 is currently in the Patent Cooperation Treaty (PCT) national phase, and has been granted patents in China, with US, Australia and Germany pending. A novel 2012 improvement in the AutoStart burette that will dramatically simplify usability has also progressed to PCT and is currently entering the national phase of the PCT process.

Analytica has lodged (2013) a patent for a simultaneous low frequency electrical stimulation and electromyography device, and this is currently in PCT.

Analytica also has patents pending in the PCT national phase for the PeriCoach patents lodged in 2011. These cover Australia, US, Japan, Brazil, China, India, Germany, and France - jurisdictions where most of the world's medical device expenditure occurs. Design registrations have also been granted in these jurisdictions with US and European remaining pending.

Analytica's R&D team has developed a number of novel ideas for future products and product enhancement during the PeriCoach product development process. Analytica aims to investigate these ideas and assess their patentability and commercial viability in the coming year.

Analytica also maintains a number of registered trademarks in the various jurisdictions above, and owns the top-level (.com) internet domains with these trademarks and other relevant keywords.

#### **3. Financial review**

##### **Financial position**

The net assets of the Group have decreased by \$ 1,948,529 from 30 June 2014 to \$ 425,993 at 30 June 2015. This decrease is largely due to the following factors:

- Continued Research and Development, and
- Sales and Marketing Costs of the PeriCoach.

The directors have secured capital from the August 2015 share issue, to secure the company's financial position to continue the development of the PeriCoach, and support sales and marketing of the PeriCoach in Australia, United States of America and United Kingdom.

## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

#### **4. Other items**

##### **Significant changes in state of affairs**

The following significant changes in the state of affairs of the parent entity occurred during the year:

- (i) Controlled market release of the PeriCoach finished in December 2014.
- (ii) PeriCoach commenced sales in Australia in January 2015.
- (iii) FDA 510(k) (premarket submission) approval was secured in United States of America in March 2015.
- (iv) The PeriCoach was released for sale in the United States of America in June 2015.

Changes in the controlled entities and divisions:

- (i) Analytica Limited purchased 100% ownership in the subsidiary PeriCoach Pty Ltd during the 2015 year.

##### **Events after the reporting date**

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

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

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

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

##### **Future developments and results**

The Group is preparing for international expansions in late 2015, concentrating on marketing, sales and regulatory affairs, and scaling the manufacturing and IT systems to cope with larger numbers and different jurisdictions.

##### **Environmental issues**

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

##### **Non-audit services**

The Board of Directors, in accordance with advice from the audit committee, is 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 audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

#### 4. Other items continued

##### Non-audit services continued

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June, 2015:

##### Bentleys Brisbane (Audit) Pty Ltd

|              | 2015  | 2014  |
|--------------|-------|-------|
|              | \$    | \$    |
| Other review | 1,500 | 1,500 |

##### Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June, 2015 has been received and can be found on page 18 of the financial report.

##### Company secretary

The following person held the position of Company secretary at the end of the year:

Bryan Dulhunty (COSA Pty Ltd) has been the company secretary since 15 October 2012. COSA provides specialised Company Secretarial and CFO services to Life Science Companies.

Byran Dulhunty has extensive experience in the biotech industry having held roles covering Chairman, Managing Director, Company Secretary, CFO, and Non Executive Director of listed and non listed biotech companies.

##### Meetings of directors

During the year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

|                     | Directors' Meetings       |                 |
|---------------------|---------------------------|-----------------|
|                     | Number eligible to attend | Number attended |
| Dr Michael Monsour  | 12                        | 12              |
| Mr Ross Mangelsdorf | 12                        | 12              |
| Mr Warren Brooks    | 12                        | 12              |
| Mr Carl Stubbings   | 12                        | 12              |

##### Indemnification and insurance of officers and auditors

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

## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

#### **Employees**

Analytica recognises the value of diversity in the workplace and is committed to providing equal opportunity for all its staff. Over 63% of current employees are female. Of its 14 employees there are numerous religions and cultures and where possible offer flexible work practices and work life balance as a key retention tool. Analytica is also committed to providing a workplace free from any form of harassment, bullying and discrimination.

#### **Options**

##### **Unissued shares under option**

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

| <b>Grant Date</b>       | <b>Date of Expiry</b> | <b>Exercise Price</b> | <b>Number under Option</b> |
|-------------------------|-----------------------|-----------------------|----------------------------|
| <b>Unlisted Options</b> |                       |                       |                            |
| 30 June 2013            | 29 October 2018       | \$0.0322              | 44,500,000                 |
| 12 February 2014        | 12 February 2019      | \$0.0439              | 5,000,000                  |
| 22 May 2014             | 22 May 2019           | \$0.0733              | 4,375,000                  |
|                         |                       |                       | <u>53,875,000</u>          |
| <b>Listed Options</b>   |                       |                       |                            |
| 11 August 2015          | 29 February 2016      | \$0.011               | 119,372,193                |
| 11 August 2015          | 28 February 2018      | \$0.014               | 119,372,193                |
|                         |                       |                       | <u>292,619,386</u>         |

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

## **Analytica Limited**

### **Directors' Report**

**For the Year Ended 30 June, 2015**

#### **Remuneration report (audited)**

##### **Remuneration policy**

The remuneration policy of Analytica Limited has been designed to align key management personnel (KMP) 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 Group's financial results. The Board of Analytica Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed by the Remuneration Committee and approved by the Board following professional advice from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- Performance incentives are based on predetermined key performance indicators.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration Committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' 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 recommend changes to the Committee's recommendations. Any changes 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.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 9.5% (2014: 9.25%), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the 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, the current maximum is \$ 550,000 which was approved at the 2011 AGM. In November 2004 the Board set individual directors fees at \$50,000 per annum plus statutory superannuation and the chairman's fee at \$75,000 plus statutory superannuation. Based on the current board structure total fees paid on a yearly basis will be \$225,000 (2014:\$225,000) plus statutory superannuation.

Entities associated with Mr Ross Mangelsdorf were paid consulting, accounting and taxation services fees during the year of \$95,200 (2014:\$73,600) plus preparation fee for the annual tax return of \$11,500 (2014:\$8,545).

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

#### Remuneration report (audited) continued

##### Remuneration policy continued

Key management personnel employed by the Company during the year, in addition to the Company's Directors, is the Company's Operations Manager, Mr Geoff Daly (appointed on the 7 November 2005) and accepted the position of CEO on the 12 February 2014. Mr Daly has extensive experience in the design of medical devices, prototyping and manufacturing.

Mr Daly is employed by the Company under the terms and conditions set out in an employment contract. Due to the size of the company and the nature of its operations, the contract is open-ended and not for a specific time frame. Mr Daly's contract can be terminated by either party giving notice commensurate with the period of employment, which varies from 1 to 4 weeks. There is no provision in the employment contract for the payment of any termination payments other than accrued statutory entitlements.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under these arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Key management personnel who are subject to these arrangements are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

##### Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy has been effective in increasing shareholder wealth over the past 5 years.

The following table shows the gross revenue, profits and dividends for the last five years for the Company, as well as the share prices at the end of the respective financial years.

|                         | 2015        | 2014        | 2013        | 2012        | 2011      |
|-------------------------|-------------|-------------|-------------|-------------|-----------|
|                         | \$          | \$          | \$          | \$          | \$        |
| Revenue                 | 1,119,378   | 587,483     | 541,262     | 194,705     | 272,878   |
| Net Profit              | (5,315,604) | (3,176,008) | (1,135,752) | (2,222,009) | (203,176) |
| Share Price at Year-end | 0.01        | 0.04        | 0.02        | 0.02        | 0.03      |
| Dividends Paid (cents)  | -           | -           | -           | -           | -         |

##### Performance conditions linked to remuneration

Company executive fees are not linked to the performance of the Group. However, to align executives' interests with shareholder interests, the executives are encouraged to hold shares in the Group.

##### Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group.

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

Remuneration report (audited) continued

Employment details of members of key management personnel continued

The table also illustrates the proportion of remuneration that was performance based, non-performance based, and the proportion of remuneration received in the form of options.

| Group KMP           | Position Held as at 30 June 2015 and any Change during the Year | Contract Details (Duration and Termination)          | Proportions of Elements of Remuneration Related to Performance |                 |                   | Proportions of Elements of Remuneration Not Related to Performance |         |
|---------------------|---|--|--|-----------------|-------------------|--|---------|
|                     |   |  | Non-salary Cash-based Incentives %                             | Shares/ Units % | Options/ Rights % | Fixed Salary/ Fees %   | Total % |
| <b>Directors</b>    |   |  |  |                 |                   |  |         |
| Dr Michael Monsour  | Chairman  | Annual Review  | -  | -               | -                 | 100  | 100     |
| Mr Ross Mangelsdorf | Executive Director and Chief Financial Officer                  | Annual Review  | -  | -               | -                 | 100  | 100     |
| Mr Warren Brooks    | Non-executive Director  | Annual Review  | -  | -               | -                 | 100  | 100     |
| Mr Carl Stubbings   | Non-executive Director  | Annual Review  | -  | -               | -                 | 100  | 100     |
| <b>KMP</b>          |   |  |  |                 |                   |  |         |
| Geoffrey Daly       | Chief Executive Officer   | Open-ended contract; Termination by 3 months notice. | -  | -               | -                 | 100  | 100     |

#### Service Agreements

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

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration. The agreements for executives (other than the Managing Director, Chief Executive Officer and Chief Finance Officer which require three months notice) may be terminated by giving six weeks notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

#### Changes in KMP

The group appointed Dr Thomas Lönngren as Non-Executive Director effective 10 August 2015.

There have been no other changes to key management personnel of the Group since 30 June 2015.

Analytica Limited

**Directors' Report**

**For the Year Ended 30 June, 2015**

**Remuneration report (audited) continued**  
**Remuneration details for the year ended 30 June, 2015**

The following table of benefits and payment represents components of the current year and comparative year remuneration for each member of the key management personnel of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

**Table of benefits and payments**

| 2015                | \$      | \$ | \$ | \$ | \$      | \$     | \$ | \$ | \$ | \$ | \$ | \$ | \$      |
|---------------------|---------|----|----|----|---------|--------|----|----|----|----|----|----|---------|
| Directors           |         |    |    |    |         |        |    |    |    |    |    |    |         |
| Dr Michael Monsour  | 75,000  | -  | -  | -  | 75,000  | 7,125  | -  | -  | -  | -  | -  | -  | 82,125  |
| Mr Ross Mangelsdorf | 81,500  | -  | -  | -  | 81,500  | 7,742  | -  | -  | -  | -  | -  | -  | 89,242  |
| Mr Warren Brooks    | 50,000  | -  | -  | -  | 50,000  | 4,750  | -  | -  | -  | -  | -  | -  | 54,750  |
| Mr Carl Stubbings   | 50,000  | -  | -  | -  | 50,000  | 4,750  | -  | -  | -  | -  | -  | -  | 54,750  |
| KMP                 |         |    |    |    |         |        |    |    |    |    |    |    |         |
| Geoffrey Daly       | 210,000 | -  | -  | -  | 210,000 | 19,950 | -  | -  | -  | -  | -  | -  | 229,950 |
|                     | 466,500 | -  | -  | -  | 466,500 | 44,317 | -  | -  | -  | -  | -  | -  | 510,817 |

| 2014                | cash salary fees<br>\$ | short term  |                    |             | post employment                     |                                |                             | long term | termination | share based payments |                    |         |
|---------------------|------------------------|-------------|--------------------|-------------|-------------------------------------|--------------------------------|-----------------------------|-----------|-------------|----------------------|--------------------|---------|
|                     |                        | bonus<br>\$ | non monetary<br>\$ | other<br>\$ | pension and<br>superannuation<br>\$ | other post<br>employment<br>\$ | options and<br>rights<br>\$ |           |             | shares and<br>units  | cash-settled<br>\$ |         |
| Directors           |                        |             |                    |             |                                     |                                |                             |           |             |                      |                    |         |
| Dr Michael Monsour  | 75,000                 | -           | -                  | -           | 75,000                              | 6,937                          | -                           | -         | -           | 118,910              | -                  | 200,847 |
| Mr Ross Mangelsdorf | 50,000                 | -           | -                  | -           | 50,000                              | 4,625                          | -                           | -         | -           | 91,469               | -                  | 146,094 |
| Mr Warren Brooks    | 50,000                 | -           | -                  | -           | 50,000                              | 4,625                          | -                           | -         | -           | 73,175               | -                  | 127,800 |
| Mr Carl Stubbings   | 23,718                 | -           | -                  | -           | 23,718                              | 2,194                          | -                           | -         | -           | -                    | -                  | 25,912  |
| KMP                 |                        |             |                    |             |                                     |                                |                             |           |             |                      |                    |         |
| Geoffrey Daly       | 210,000                | -           | -                  | -           | 210,000                             | 19,425                         | -                           | 5,477     | -           | 100,617              | -                  | 335,519 |
|                     | 408,718                | -           | -                  | -           | 408,718                             | 37,806                         | -                           | 5,477     | -           | 384,171              | -                  | 838,172 |



## Directors' Report

For the Year Ended 30 June, 2015

### Remuneration report (audited) continued

#### Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

#### Cash performance-related bonuses

There were no bonuses granted as remuneration to key management personnel and other executives during the year ended 30 June 2015 (2014: nil).

#### Description of options/rights granted as remuneration

Details of the options granted as remuneration to those key management personnel and executives during the year:

2015: Nil

2014:

|                     | Granted as<br>remuneration<br>No. | Value of<br>options at<br>grant date<br>\$ | Vested during<br>the year<br>No. | Lapsed<br>during the<br>year<br>No. | Value of<br>lapsed<br>options at<br>lapse date<br>\$ |
|---------------------|-----------------------------------|--|----------------------------------|-------------------------------------|--|
| <b>Directors</b>    |                                   |  |                                  |                                     |  |
| Dr Michael Monsour  | 13,000,000                        | 0.0324                                     | 13,000,000                       | -                                   | -  |
| Mr Ross Mangelsdorf | 10,000,000                        | 0.0324                                     | 10,000,000                       | -                                   | -  |
| Mr Warren Brooks    | 8,000,000                         | 0.0324                                     | 8,000,000                        | -                                   | -  |
| <b>KMP</b>          |                                   |  |                                  |                                     |  |
| Geoffrey Daly       | 6,000,000                         | 0.0324                                     | 6,000,000                        | -                                   | -  |
| Geoffrey Daly       | 5,000,000                         | 0.0450                                     | -                                | -                                   | -  |

Options were approved at the 2013 AGM for directors and the directors approved employee (including Mr Daly) options on the same date. These options are brought to account at valuation prepared by BDO Chartered Accountants.

All options were issued by Analytica Limited and entitle the holder to ordinary shares in Analytica Limited for each option exercised.

There have not been any alterations to the terms or conditions of any share based payment arrangements since grant date.

# Analytica Limited

## Directors' Report

For the Year Ended 30 June, 2015

### Remuneration report (audited) continued Key management personnel options and rights holdings

#### Unlisted Options

| 30 June, 2015  | Balance at beginning of year | Granted as remuneration | Exercised | Other changes | Balance at the end of year | Vested during the year | Vested and exercisable |
|--|------------------------------|-------------------------|-----------|---------------|----------------------------|------------------------|------------------------|
| <b>Directors</b>                                     |                              |                         |           |               |                            |                        |                        |
| <b>Unlisted Options @3.24 cents, Expire 29/10/18</b> |                              |                         |           |               |                            |                        |                        |
| Dr Michael Monsour                                   | 13,000,000                   | -                       | -         | -             | 13,000,000                 | -                      | 13,000,000             |
| Mr Ross Mangelsdorf                                  | 10,000,000                   | -                       | -         | -             | 10,000,000                 | -                      | 10,000,000             |
| Mr Warren Brooks                                     | 8,000,000                    | -                       | -         | -             | 8,000,000                  | -                      | 8,000,000              |
| <b>Other KMP</b>                                     |                              |                         |           |               |                            |                        |                        |
| <b>Unlisted Options @3.24 cents, Expire 29/10/08</b> |                              |                         |           |               |                            |                        |                        |
| Geoffrey Daly  | 6,000,000                    | -                       | -         | -             | 6,000,000                  | -                      | 6,000,000              |
| <b>Unlisted Options @4.50 cent, Expire 12/02/19</b>  |                              |                         |           |               |                            |                        |                        |
| Geoffrey Daly  | 5,000,000                    | -                       | -         | -             | 5,000,000                  | -                      | 5,000,000              |
|  | <b>42,000,000</b>            | <b>-</b>                | <b>-</b>  | <b>-</b>      | <b>42,000,000</b>          | <b>-</b>               | <b>42,000,000</b>      |

| 30 June 2014  | Balance at beginning of year | Granted as remuneration | Exercised | Other changes | Balance at the end of year | Vested during the year | Vested and exercisable |
|---|------------------------------|-------------------------|-----------|---------------|----------------------------|------------------------|------------------------|
| <b>Directors</b>                                      |                              |                         |           |               |                            |                        |                        |
| <b>Unlisted Options @3.24 cents, Expire 29/10/18</b>  |                              |                         |           |               |                            |                        |                        |
| Dr Michael Monsour                                    | -                            | 13,000,000              | -         | -             | 13,000,000                 | 13,000,000             | 13,000,000             |
| Mr Ross Mangelsdorf                                   | -                            | 10,000,000              | -         | -             | 10,000,000                 | 10,000,000             | 10,000,000             |
| Mr Warren Brooks                                      | -                            | 8,000,000               | -         | -             | 8,000,000                  | 8,000,000              | 8,000,000              |
| <b>Other KMP</b>                                      |                              |                         |           |               |                            |                        |                        |
| <b>Unlisted Options @3.24 cents, Expire 29/10/18</b>  |                              |                         |           |               |                            |                        |                        |
| Geoffrey Daly   | -                            | 6,000,000               | -         | -             | 6,000,000                  | 6,000,000              | 6,000,000              |
| <b>Unlisted Options @ 4.50 cents, Expire 12/02/19</b> |                              |                         |           |               |                            |                        |                        |
| Geoffrey Daly   | -                            | 5,000,000               | -         | -             | 5,000,000                  | -                      | -                      |
|   | <b>-</b>                     | <b>42,000,000</b>       | <b>-</b>  | <b>-</b>      | <b>42,000,000</b>          | <b>37,000,000</b>      | <b>37,000,000</b>      |

## Analytica Limited

### Directors' Report

For the Year Ended 30 June, 2015

#### Remuneration report (audited) continued Key management personnel shareholdings

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

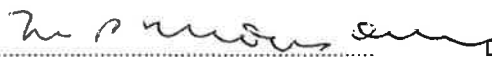
| 30 June, 2015       | Balance at beginning of year | On exercise of options | Other changes during the year | Balance at end of year |
|---------------------|------------------------------|------------------------|-------------------------------|------------------------|
| <b>Directors</b>    |                              |                        |                               |                        |
| Dr Michael Monsour  | 102,539,666                  | -                      | 28,750,666                    | 131,290,332            |
| Mr Ross Mangelsdorf | 20,472,402                   | -                      | 1,595,157                     | 22,067,559             |
| Mr Warren Brooks    | 31,759,341                   | -                      | 670,659                       | 32,430,000             |
| Mr Carl Stubbings   | 1,627,450                    | -                      | 203,432                       | 1,830,882              |
|                     | <b>156,398,859</b>           | <b>-</b>               | <b>31,219,914</b>             | <b>187,618,773</b>     |

| 30 June, 2014       | Balance at beginning of year | On exercise of options | Other changes during the year | Balance at end of year |
|---------------------|------------------------------|------------------------|-------------------------------|------------------------|
| <b>Directors</b>    |                              |                        |                               |                        |
| Dr Michael Monsour  | 62,675,643                   | -                      | 7,379,905                     | 70,055,548             |
| Mr Ross Mangelsdorf | 14,786,992                   | -                      | 5,685,410                     | 20,472,402             |
| Mr Warren Brooks    | 30,456,989                   | -                      | 1,302,352                     | 31,759,341             |
| Mr Carl Stubbings   | -                            | -                      | 1,627,450                     | 1,627,450              |
|                     | <b>107,919,624</b>           | <b>-</b>               | <b>15,995,117</b>             | <b>123,914,741</b>     |

#### Corporate Governance

Analytica adopt a high standard of corporate governance and all corporate governance policy is available on the company website [analyticamedical.com](http://analyticamedical.com).

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:   
Dr Michael Monsour

Director:   
Mr Ross Mangelsdorf

Dated this 22<sup>nd</sup> day of September 2015

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ANALYTICA LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Bentleys Brisbane Partnership



Stewart Douglas

Partner

Brisbane

28 September 2015

**Analytica Limited**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 30 June, 2015**

|  |             | <b>Consolidated</b> |                    |
|--|-------------|---------------------|--------------------|
|  |             | <b>2015</b>         | <b>2014</b>        |
|  | <b>Note</b> | <b>\$</b>           | <b>\$</b>          |
| Sales revenue  |             | 73,824              | -                  |
| Cost of sales  |             | (22,784)            | -                  |
| Gross profit   |             | 51,040              | -                  |
| R&D tax incentive revenue                            |             | 988,107             | 559,668            |
| Royalty revenue                                      |             | 6,228               | 5,506              |
| Investment revenue                                   |             | 51,219              | 22,309             |
| Loss on disposal of assets                           |             | (194)               | -                  |
| Administrative expenses                              | 2           | (1,014,953)         | (516,084)          |
| Depreciation, amortisation and impairments           | 2           | (93,365)            | (16,908)           |
| Fair value adjustment                                |             | (53,280)            | 39,699             |
| Finance costs  | 2           | (384)               | (3,104)            |
| Marketing expenses                                   | 2           | (2,292,793)         | (396,620)          |
| Occupancy costs                                      |             | (7,020)             | (5,784)            |
| Option expenses                                      |             | -                   | (515,862)          |
| Other currency gains (losses)                        |             | (27,923)            | (2,271)            |
| Patent maintenance                                   | 2           | (86,778)            | (150,763)          |
| Research and development                             | 2           | (2,835,508)         | (2,195,794)        |
| <b>Profit before income tax</b>                      |             | <b>(5,315,604)</b>  | <b>(3,176,008)</b> |
| Income tax expense                                   | 3           | -                   | -                  |
| <b>Profit for the year</b>                           |             | <b>(5,315,604)</b>  | <b>(3,176,008)</b> |
| <b>Other comprehensive income, net of income tax</b> |             |                     |                    |
| <b>Total comprehensive income for the year</b>       |             | <b>(5,315,604)</b>  | <b>(3,176,008)</b> |
| Profit attributable to:                              |             |                     |                    |
| Members of the parent entity                         |             | (5,315,604)         | (3,176,008)        |
| Total comprehensive income attributable to:          |             |                     |                    |
| Members of the parent entity                         |             | (5,315,604)         | (3,176,008)        |
| Earnings per share                                   |             |                     |                    |
| Basic earnings per share (dollars)                   |             | (0.0059)            | (0.0048)           |
| Diluted earnings per share (dollars)                 |             | (0.0056)            | (0.0048)           |

The accompanying notes form part of these financial statements.

**Analytica Limited**

**Consolidated Statement of Financial Position**  
**As At 30 June, 2015**

|                                      |             | <b>Consolidated</b> |                  |
|--------------------------------------|-------------|---------------------|------------------|
|                                      |             | <b>2015</b>         | <b>2014</b>      |
|                                      | <b>Note</b> | <b>\$</b>           | <b>\$</b>        |
| <b>ASSETS</b>                        |             |                     |                  |
| <b>CURRENT ASSETS</b>                |             |                     |                  |
| Cash and cash equivalents            | 7           | 581,531             | 1,957,868        |
| Trade and other receivables          | 8           | 19,493              | 36,652           |
| Inventories                          | 9           | 231,692             | 177,170          |
| Other assets                         | 13          | 71,911              | 381,638          |
| <b>TOTAL CURRENT ASSETS</b>          |             | <b>904,627</b>      | <b>2,553,328</b> |
| <b>NON-CURRENT ASSETS</b>            |             |                     |                  |
| Other financial assets               | 10          | 19,850              | 73,130           |
| Property, plant and equipment        | 11          | 38,382              | 21,647           |
| Intangible assets                    | 12          | 117,184             | 176,816          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |             | <b>175,416</b>      | <b>271,593</b>   |
| <b>TOTAL ASSETS</b>                  |             | <b>1,080,043</b>    | <b>2,824,921</b> |
| <b>LIABILITIES</b>                   |             |                     |                  |
| <b>CURRENT LIABILITIES</b>           |             |                     |                  |
| Borrowings                           | 14          | 2,568               | 10,342           |
| Trade and other payables             | 15          | 488,817             | 279,679          |
| Short-term provisions                | 16          | 53,650              | 42,755           |
| Employee benefits                    | 17          | 113,246             | 86,841           |
| <b>TOTAL CURRENT LIABILITIES</b>     |             | <b>658,281</b>      | <b>419,617</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |             |                     |                  |
| Employee benefits                    | 17          | 40,713              | 30,782           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |             | <b>40,713</b>       | <b>30,782</b>    |
| <b>TOTAL LIABILITIES</b>             |             | <b>698,994</b>      | <b>450,399</b>   |
| <b>NET ASSETS</b>                    |             | <b>381,049</b>      | <b>2,374,522</b> |
| <b>EQUITY</b>                        |             |                     |                  |
| Issued capital                       | 19          | 92,114,779          | 88,792,648       |
| Reserves                             | 18          | 534,737             | 534,737          |
| Retained earnings                    |             | (92,268,467)        | (86,952,863)     |
| <b>TOTAL EQUITY</b>                  |             | <b>381,049</b>      | <b>2,374,522</b> |

The accompanying notes form part of these financial statements.

# **Analytica Limited**

## **Consolidated Statement of Changes in Equity**

**For the Year Ended 30 June, 2015**

**2015**

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

**2014**

| 2014   | Consolidated       |                      |                   |             |
|--|--------------------|----------------------|-------------------|-------------|
|  | Ordinary<br>Shares | Retained<br>Earnings | Option<br>Reserve | Total       |
| Note   | \$                 | \$                   | \$                | \$          |
| Balance at 1 July 2013                                 | 83,943,597         | (83,776,853)         | -                 | 166,744     |
| Profit attributable to members of the parent<br>entity | -                  | (3,176,008)          | -                 | (3,176,008) |
| Transaction costs                                      | (374,022)          | -                    | -                 | (374,022)   |
| Issue of shares  | 5,223,073          | -                    | 534,737           | 5,757,810   |
| Balance at 30 June 2014                                | 19 88,792,648      | (86,952,863)         | 534,737           | 2,374,522   |

The accompanying notes form part of these financial statements.

# Analytica Limited

## Consolidated Statement of Cash Flows

For the Year Ended 30 June, 2015

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

The accompanying notes form part of these financial statements.



## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies**

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

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

##### **(a) Basis of Preparation**

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

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

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

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

##### **(b) Principles of Consolidation**

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

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

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

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

##### *Subsidiaries*

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

##### **(c) Business combinations**

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

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

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

## Summary of Significant Accounting Policies

### For the Year Ended 30 June, 2015

#### 1 Summary of Significant Accounting Policies continued

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

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

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

#### (d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

#### (e) Income Tax

##### (i) Current income tax expense

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

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

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

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

Deferred tax is not provided for the following:

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

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

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

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(f) Revenue and other income**

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

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

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

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Royalty revenue**

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

##### **Grant revenue**

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

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

##### **(g) Borrowing costs**

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

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

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

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

Receivables and payable are stated inclusive of GST.

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

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

## Summary of Significant Accounting Policies

### For the Year Ended 30 June, 2015

#### 1 Summary of Significant Accounting Policies continued

##### (i) Inventories

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

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

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

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

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

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

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

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

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

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

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

##### (k) Financial instruments

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

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

##### Financial Assets

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

- loans and receivables;

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(k) Financial instruments continued**

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

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

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

##### **Loans and receivables**

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

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

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

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

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

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

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

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

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

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

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

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

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(k) Financial instruments continued**

###### **Held-to-maturity investments**

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

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

###### **Financial liabilities**

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

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

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

###### ***Impairment of financial assets***

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

###### **Financial assets at amortised cost**

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

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

###### **Available-for-sale financial assets**

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

###### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

**(k) Financial instruments continued**

either discharged, cancelled or expired. The difference between the carry value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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

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

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

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

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

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

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

**(m) Intangible Assets**

#### **Patents and trademarks**

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

#### **Amortisation**

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

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

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

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(m) Intangible Assets continued**

###### **Goodwill**

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

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest;

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

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

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

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

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

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

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

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

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

###### **Research and development**

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

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



## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(m) Intangible Assets continued**

###### **Research and development continued**

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

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

###### **Software**

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

##### **(n) Cash and cash equivalents**

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

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

##### **(o) Employee benefits**

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

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

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

##### **(p) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

##### **(q) Earnings per share**

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

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

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

##### **(r) Share capital**

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

##### **(s) Equity-settled compensation**

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

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

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

###### **Functional and presentation currency**

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

###### **Transaction and balances**

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

At the end of the reporting period:

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

## **Summary of Significant Accounting Policies**

### **For the Year Ended 30 June, 2015**

#### **1 Summary of Significant Accounting Policies continued**

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

**Transaction and balances continued**  
value was determined.

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

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

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

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

##### **Key estimates - impairment**

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

##### **(v) Going concern**

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

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

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

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

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

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

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

- *AASB 13 Fair Value Measurement*

## Summary of Significant Accounting Policies

For the Year Ended 30 June, 2015

### 1 Summary of Significant Accounting Policies continued

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

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

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

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

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

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

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 2 Result for the Year

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

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

The result for the year includes the following specific expenses:

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2015</b>         | <b>2014</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| <b>Other expenses:</b>                         |                     |                  |
| <b>Administrative expenses</b>                 |                     |                  |
| Administration - general                       | 108,222             | 24,002           |
| Compliance costs                               | 487,944             | 311,791          |
| Employee costs - general                       | 418,787             | 180,291          |
|  | <b>1,014,953</b>    | <b>516,084</b>   |
| <b>Depreciation and amortisation</b>           |                     |                  |
| - Amortisation                                 | 71,348              | 7,394            |
| - Depreciation of property plant and equipment | 22,017              | 9,514            |
|  | <b>93,365</b>       | <b>16,908</b>    |
| <b>Marketing expenses</b>                      |                     |                  |
| - Auto Start Burette                           | -                   | 76,979           |
| - PeriCoach                                    | 1,641,325           | 157,413          |
| - Wages  | 651,468             | 162,228          |
|  | <b>2,292,793</b>    | <b>396,620</b>   |
| <b>Patent maintenance</b>                      |                     |                  |
| - AutoStart Burette                            | 38,015              | 58,294           |
| - ELF 2  | 3,478               | 17,731           |
| - PeriCoach                                    | 45,285              | 74,738           |
|  | <b>86,778</b>       | <b>150,763</b>   |
| <b>Research and development costs</b>          |                     |                  |
| - Auto Start Burette                           | 8,956               | 34               |
| - Employee and labour                          | 505,548             | 616,245          |
| - ELF 2  | -                   | 46,294           |
| - PeriCoach                                    | 2,321,004           | 1,533,221        |
|  | <b>2,835,508</b>    | <b>2,195,794</b> |

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 3 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2015         | 2014        |
|   | \$           | \$          |
| Profit  | (5,315,604)  | (3,176,008) |
| Tax   | 30 %         | 30 %        |
|   | (1,594,681)  | (952,803)   |
| Add:  |              |             |
| Tax effect of:  |              |             |
| - non-deductible expenses                                   | 1,267,735    | 814,456     |
|   | (326,946)    | (138,347)   |
| Less:   |              |             |
| Tax effect of:  |              |             |
| - non-assessable income                                     | (296,432)    | (156,224)   |
| Temporary differences and tax losses not brought to account | 623,378      | 294,571     |
| Income tax attributable to parent entity                    | -            | -           |
|   | -            | -           |

Carried forward tax losses of \$11,886,210 (2014:\$9,725,879) have not been brought to account as a deferred tax asset because it is not yet considered probable that they will reverse to the extent of being utilised in the future.

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 4 Key Management Personnel Disclosures

#### Key management personnel options and rights holdings

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

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

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

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

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

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



## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 4 Key Management Personnel Disclosures continued

##### Key management personnel shareholdings continued

|  | Balance at<br>beginning<br>of year | On exercise<br>of options | Other<br>changes<br>during the<br>year | Balance at<br>end of year |
|--|------------------------------------|---------------------------|--|---------------------------|
| <b>30 June 2014</b>                    |                                    |                           |  |                           |
| <b>Dr Michael Monsour</b>              |                                    |                           |  |                           |
| Dr Michael Monsour                     | 740,088                            | -                         | 1,866,249                              | 2,606,337                 |
| MPAMM Pty Ltd                          | 35,644,799                         | -                         | 2,839,319                              | 38,484,118                |
| MP Monsour Medical Practice<br>Pty Ltd | 10,255,720                         | -                         | 1,624,891                              | 11,880,611                |
| Halonna Pty Ltd                        | -                                  | -                         | 32,484,118                             | 32,484,118                |
| Other related parties                  | 16,035,036                         | -                         | 1,049,446                              | 17,084,482                |
| <b>Total: Dr Michael Monsour</b>       | <b>62,675,643</b>                  | <b>-</b>                  | <b>39,864,023</b>                      | <b>102,539,666</b>        |
| <b>Mr Ross Mangelsdorf</b>             |                                    |                           |  |                           |
| Mr Ross Mangelsdorf                    | 13,333                             | -                         | 889                                    | 14,222                    |
| RM & JM Mangelsdorf                    | 13,333                             | -                         | 889                                    | 14,222                    |
| Tambien Pty Ltd                        | 12,918,994                         | -                         | 4,334,206                              | 17,253,200                |
| Other related parties                  | 1,841,332                          | -                         | 1,349,426                              | 3,190,758                 |
| <b>Total: Mr Ross Mangelsdorf</b>      | <b>14,786,992</b>                  | <b>-</b>                  | <b>5,685,410</b>                       | <b>20,472,402</b>         |
| <b>Mr Warren Brooks</b>                |                                    |                           |  |                           |
| Mr Warren Brooks                       | -                                  | -                         | -                                      | -                         |
| W Brooks Investments Pty Ltd           | 30,456,989                         | -                         | 1,302,352                              | 31,759,341                |
| <b>Total: Mr Warren Brooks</b>         | <b>30,456,989</b>                  | <b>-</b>                  | <b>1,302,352</b>                       | <b>31,759,341</b>         |
| <b>Mr Carl Stubbings</b>               |                                    |                           |  |                           |
| Mr Carl Stubbings                      | -                                  | -                         | 1,627,450                              | 1,627,450                 |
| Cumberland Pty Ltd                     | -                                  | -                         | -                                      | -                         |
| <b>Total: Mr Carl Stubbings</b>        | <b>-</b>                           | <b>-</b>                  | <b>1,627,450</b>                       | <b>1,627,450</b>          |
|  | <b>107,919,624</b>                 | <b>-</b>                  | <b>48,479,235</b>                      | <b>156,398,859</b>        |

##### Other KMP

##### Other key management personnel transactions

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

#### 5 Remuneration of Auditors

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

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

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 6 Earnings per Share

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

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

(b) Earnings used to calculate overall earnings per share

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2015</b>         | <b>2014</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| Earnings used to calculate overall earnings per share | <b>(5,315,604)</b>  | <b>(3,176,008)</b> |

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

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

#### 7 Cash and cash equivalents

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

#### Reconciliation of cash

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

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

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## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 8 Trade and other receivables

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

#### Credit risk

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

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

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

#### 9 Inventories

##### CURRENT

##### At cost:

|                               |                |                |
|-------------------------------|----------------|----------------|
| Raw materials and consumables | 176,148        | 89,958         |
| Work in progress              | 40,021         | 60,026         |
| Finished goods                | 15,523         | 26,022         |
| Rejects                       | -              | 1,164          |
|                               | <u>231,692</u> | <u>177,170</u> |

#### 10 Other financial assets

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

##### Listed investments, at fair value

|                         |        |        |
|-------------------------|--------|--------|
| - Investments in Invion | 19,850 | 73,130 |
|-------------------------|--------|--------|

##### Financial assets at fair value through profit and loss

|                              |               |               |
|------------------------------|---------------|---------------|
| - listed shares at cost      | 522,356       | 522,356       |
| - less fair value adjustment | (502,506)     | (449,226)     |
|                              | <u>19,850</u> | <u>73,130</u> |

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 10 Other financial assets continued

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

#### 11 Property, plant and equipment

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

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

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

|                                       | <b>Plant and Equipment</b> | <b>Office Equipment</b> | <b>Computer Equipment</b> | <b>Total</b>  |
|---------------------------------------|----------------------------|-------------------------|---------------------------|---------------|
| <b>Consolidated</b>                   | <b>\$</b>                  | <b>\$</b>               | <b>\$</b>                 | <b>\$</b>     |
| <b>Year ended 30 June, 2015</b>       |                            |                         |                           |               |
| Balance at the beginning of year      | -                          | 1,950                   | 19,697                    | 21,647        |
| Additions                             | 9,600                      | 1,554                   | 27,792                    | 38,946        |
| Disposals - written down value        | -                          | (194)                   | -                         | (194)         |
| Depreciation expense                  | (955)                      | (1,387)                 | (19,675)                  | (22,017)      |
| <b>Balance at the end of the year</b> | <b>8,645</b>               | <b>1,923</b>            | <b>27,814</b>             | <b>38,382</b> |
| <b>Consolidated</b>                   | <b>\$</b>                  | <b>\$</b>               | <b>\$</b>                 | <b>\$</b>     |
| <b>Year ended 30 June, 2014</b>       |                            |                         |                           |               |
| Balance at the beginning of year      | 2,947                      | 618                     | 2,838                     | 6,403         |
| Additions                             | -                          | 2,778                   | 21,980                    | 24,758        |
| Depreciation expense                  | (2,947)                    | (1,446)                 | (5,121)                   | (9,514)       |
| <b>Balance at the end of the year</b> | <b>-</b>                   | <b>1,950</b>            | <b>19,697</b>             | <b>21,647</b> |

# Notes to the Financial Statements

For the Year Ended 30 June, 2015

## 12 Intangible Assets

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

### (a) Reconciliation Detailed Table

|                                       | Patents,<br>trademarks<br>and other<br>rights<br>\$ | Licenses and<br>franchises<br>\$ | Software<br>\$ | Total<br>\$    |
|---------------------------------------|---|----------------------------------|----------------|----------------|
| <b>Consolidated</b>                   |   |                                  |                |                |
| <b>Year ended 30 June, 2015</b>       |   |                                  |                |                |
| Balance at the beginning of the year  | 8,223   | 5,607                            | 162,986        | 176,816        |
| Additions                             | 11,716  | -                                | -              | 11,716         |
| Amortisation                          | (475)   | (5,607)                          | (65,266)       | (71,348)       |
| <b>Closing value at 30 June, 2015</b> | <b>19,464</b>                                       | <b>-</b>                         | <b>97,720</b>  | <b>117,184</b> |
|                                       | Patents,<br>trademarks<br>and other<br>rights<br>\$ | Licenses and<br>franchises<br>\$ | Software<br>\$ | Total<br>\$    |
| <b>Consolidated</b>                   |   |                                  |                |                |
| <b>Year ended 30 June, 2014</b>       |   |                                  |                |                |
| Balance at the beginning of the year  | -   | 12,274                           | -              | 12,274         |
| Additions                             | -   | -                                | 163,165        | 163,165        |
| Internally generated                  | 8,771   | -                                | -              | 8,771          |
| Amortisation                          | (548)   | (6,667)                          | (179)          | (7,394)        |
| <b>Closing value at 30 June, 2014</b> | <b>8,223</b>  | <b>5,607</b>                     | <b>162,986</b> | <b>176,816</b> |

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 12 Intangible Assets continued

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

#### 13 Other assets

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

#### 14 Borrowings

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

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

#### 15 Trade and other payables

|                       | Consolidated   |                |
|-----------------------|----------------|----------------|
|                       | 2015           | 2014           |
|                       | \$             | \$             |
| CURRENT               |                |                |
| Unsecured liabilities |                |                |
| Trade payables        | 239,322        | 230,282        |
| Other payables        | 249,495        | 49,397         |
|                       | <u>488,817</u> | <u>279,679</u> |

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

#### 16 Provisions

|                       | Consolidated  |               |
|-----------------------|---------------|---------------|
|                       | 2015          | 2014          |
|                       | \$            | \$            |
| CURRENT               |               |               |
| Provisions - audit    | 41,000        | 33,800        |
| Provisions - taxation | 12,650        | 8,955         |
|                       | <u>53,650</u> | <u>42,755</u> |

## **Notes to the Financial Statements**

**For the Year Ended 30 June, 2015**

### **16 Provisions continued**

#### **Consolidated**

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

### **17 Employee Benefits**

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

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

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

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

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

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

## Analytica Limited

### Notes to the Financial Statements

For the Year Ended 30 June, 2015

#### 18 Reserves and retained surplus

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

##### (a) Share option reserve

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

#### 19 Issued Capital

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

##### (a) Ordinary shares

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

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

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

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

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



## **Notes to the Financial Statements**

**For the Year Ended 30 June, 2015**

### **19 Issued Capital continued**

#### **(a) Ordinary shares continued**

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

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

#### **(b) Options**

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

#### **(c) Capital Management**

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

There are no externally imposed capital requirements.

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

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

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

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

### **20 Contingencies**

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

### **21 Operating Segments**

#### **Segment information**

##### **Identification of reportable segments**

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

The Group is managed primarily on the basis of product category and service offerings as the diversification of the

## **Notes to the Financial Statements**

### **For the Year Ended 30 June, 2015**

#### **21 Operating Segments continued**

##### **Identification of reportable segments continued**

Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

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

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

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

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

###### **(i) Medical Devices**

- AutoStart Burette
- PeriCoach (Perineometer)
- ELF 2

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

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

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

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

###### **(ii) Corporate**

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

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 21 Operating Segments continued

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

##### **(a) Accounting policies adopted**

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

##### *Income tax expense*

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

##### **(b) Segment assets**

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

##### **(c) Segment liabilities**

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

# Analytica Limited

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 21 Operating Segments continued (d) Segment performance

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

### (e) Segment assets

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

### (f) Segment liabilities

|                     |   |   |           |           |           |           |
|---------------------|---|---|-----------|-----------|-----------|-----------|
| Segment liabilities | - | - | (698,994) | (450,402) | (698,994) | (450,402) |
|---------------------|---|---|-----------|-----------|-----------|-----------|

### (g) Geographical information

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

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

## Analytica Limited

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

#### 22 Cash Flow Information

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

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

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

#### 23 Share-based Payments

No options were exercised during the current financial year.

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

| 2015<br>Grant Date | Expiry Date      | Exercise<br>price<br>(cents) | Start of the<br>year | Granted<br>during the<br>year | Exercised<br>during the<br>year | Forfeited<br>during the<br>year | Balance at<br>the end of<br>the year | Vested and<br>exercisable<br>at the end<br>of the year |
|--------------------|------------------|------------------------------|----------------------|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--|
| 30 October 2013    | 29 October 2018  | 3.224                        | 44,500,000           | -                             | -                               | -                               | 44,500,000                           | 44,500,000   |
| 12 February 2014   | 12 February 2019 | 4.390                        | 5,000,000            | -                             | -                               | -                               | 5,000,000                            | -  |
| 22 May 2014        | 22 May 2019      | 7.330                        | 4,375,000            | -                             | -                               | -                               | 4,375,000                            | 4,375,000  |

2014:

- (a) On 11 November 2013 the company issued 44,500,000 unlisted options, comprising 31,000,000 options issued to directors and 13,500,000 options issued to employees. These options have a 5 year term and an exercise price of 3.224 cents.

## Notes to the Financial Statements

### For the Year Ended 30 June, 2015

#### 23 Share-based Payments continued

- (b) On 12 February 2014 the company issued 5,000,000 unlisted options for the purpose of CEO appointment incentive.
- (c) On 22 May 2014 the company issued 4,375,000 unlisted options. These have a 5 year term and an exercise price of 7.38 cents.

#### 24 Related Parties

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

*(i) Key management personnel:*

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

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

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

Loan facility to the company up to \$400,000 provided by Dr Monsour. No funds have been drawn-down as at reporting date (2014:nil).

*(ii) Subsidiaries:*

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

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

- (b) **Transactions with related parties**

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

The following transactions occurred with related parties:

During the year accounting services were provided to the company by Avance Chartered Accountants, a firm which director Mr Ross Mangelsdorf is a partner. Fees of \$95,200 (2014:\$73,600) were charged for these services to 30 June 2015, plus preparation of the annual tax return of \$11,500 (2014:\$8,545).

#### 25 Financial Risk Management

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June, 2015**

#### **25 Financial Risk Management continued**

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

The Company does not speculate in financial assets.

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

##### **Specific risks**

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

##### **Financial instruments used**

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

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

##### **Objectives, policies and processes**

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

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

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

##### **Liquidity risk**

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

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

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 25 Financial Risk Management continued

#### Liquidity risk continued

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

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

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

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

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

#### Market risk

##### (i) Foreign currency sensitivity

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

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

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

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

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

Foreign currency denominated assets translated into Australian Dollars at the closing rate are included in the inventory balance of \$231,692 (2014:\$177,170). Net currency gains/losses of \$27,923 (2014:\$2,271) are disclosed in the statement of profit and loss. Any increase or decrease in exchange rates would not significantly impact users of the financial statements, as such no sensitivity analysis is disclosed.

##### (ii) Cash flow interest rate sensitivity

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at



## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 25 Financial Risk Management continued

fixed rates expose the Group to fair value interest rate risk.

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

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

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

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

#### (iii) Other price risk

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

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

The Company is not exposed to commodity price risk.

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

#### Credit risk

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

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

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

## Notes to the Financial Statements

For the Year Ended 30 June, 2015

### 25 Financial Risk Management continued

#### Credit risk continued

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

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

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

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

### 26 Fair Value Measurement

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

- Financial assets

#### Fair value hierarchy

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

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

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

|  | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| <b>30 June, 2015</b>                     | \$      | \$      | \$      | \$     |
| <b>Recurring fair value measurements</b> |         |         |         |        |
| Listed shares                            | 19,850  | -       | -       | 19,850 |
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>30 June, 2014</b>                     | \$      | \$      | \$      | \$     |
| <b>Recurring fair value measurements</b> |         |         |         |        |
| Listed shares                            | 73,130  | -       | -       | 73,130 |

## **Analytica Limited**

### **Notes to the Financial Statements**

**For the Year Ended 30 June, 2015**

#### **27 Events Occurring After the Reporting Date**

As announced on 8 July 2015 Analytica Limited issued 227,164,628 shares under the 1 for 2 renounceable pro-rata rights issue, raising gross proceeds of \$1,817,317 at the offer price of 0.8c per new share.

The Rights Issued was undersubscribed by 242,445,222 shares. Under the underwriting agreement, 122,835,372 shortfall shares will be taken up by investors introduced by the Underwriter (Underwritten Shares).

In accordance with the terms and Rights Issue and the underwriting agreement, Analytica Limited will also grant:

- 119,372,193 short dated options exercisable at 1.1c on or before 29 February 2016; and
- 119,372,193 long dated options exercisable at 1.4c on or before 28 February 2018.

All shares issued and options granted were issued on 11 August 2015 and commenced trading on Wednesday 12 August 2015 with the options granted quotation under ASX ticker codes ALTO (short dated options) and ALTOA (long dated options).

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

## **Analytica Limited**

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

#### **28 Company Details**

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

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

Telephone: (07) 3278 1950

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

Telephone: +61 1300 554 474  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

**The postal address for the registered office of the company is:**

Analytica Limited  
PO Box 438  
Maryborough Qld 4650

**The principal place of business is:**

320 Adelaide Street  
Brisbane Qld 4000  
Telephone: (07) 3278 1950

## Analytica Limited


### Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June, 2015 are in accordance with the *Corporations Act 2001* and:
  - a. 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
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
  - a. the financial records of the Company for the year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the year comply with the Accounting Standards; and
  - c. the financial statements and notes for the 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director   
Dr Michael Monsour

Director   
Mr Ross Mangelisdorf

Dated this 28th day of September 2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYTICA LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Analytica Limited which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

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

**Opinion**

In our opinion:

- a) the financial report of Analytica Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company will be required to raise additional funds to meet forecast cash needs. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

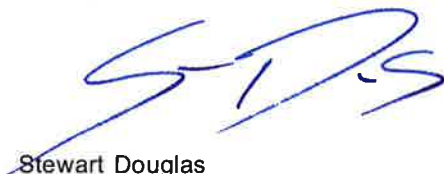
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility 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 Analytica Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



Bentleys Brisbane Partnership



Stewart Douglas

Partner

Brisbane

28 September 2015

## Analytica Limited

### Additional Information for Listed Public Companies For the Year Ended 30 June, 2015

#### ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 19 August, 2015.

#### Substantial shareholders

The number of substantial shareholders and their associates are set out below:

| Shareholders                         | Number of shares |
|--------------------------------------|------------------|
| HALONNA PTY LTD <MONSOUR FAMILY A/C> | 59,664,451       |

#### Voting rights

##### Ordinary Shares

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

##### Options

No voting rights.

#### Distribution of equity security holders

| Holding          | Shares        | ALTO        | Options<br>ALTOA |
|------------------|---------------|-------------|------------------|
| 1 - 1,000        | 368,081       | 5,684       | 5,684            |
| 1,001 - 5,000    | 654,027       | 250,081     | 250,081          |
| 5,001 - 10,000   | 990,458       | 747,472     | 747,472          |
| 10,001 - 100,000 | 62,090,206    | 10,899,093  | 10,817,427       |
| 100,000 and over | 1,233,234,811 | 107,469,863 | 107,551,529      |
|                  | 1,297,337,583 | 119,372,193 | 119,372,193      |

There were 2,196 holders of less than a marketable parcel of ordinary shares.



**Additional Information for Listed Public Companies**  
**For the Year Ended 30 June, 2015**

**Twenty largest shareholders**

|    |  |                               | Number held | % of issued<br>shares |
|----|--|-------------------------------|-------------|-----------------------|
| 1  | HALONNA PTY LTD  | <MONSOUR FAMILY A/C>          | 59,664,451  | 4.60                  |
| 2  | IGNATIUS LIP PTY LTD   | <IGNATIUS LIP P/L S/FUND>     | 51,292,876  | 3.95                  |
| 3  | W BROOKS INVESTMENTS PTY LTD                                 | <B & P SUPER FUND A/C>        | 48,645,000  | 3.75                  |
| 4  | M P A M M PTY LTD  |                               | 44,687,785  | 3.44                  |
| 5  | HALONNA PTY LIMITED  | <MONSOUR FAMILY A/C>          | 37,500,000  | 2.89                  |
| 6  | M P MONSOUR MEDICAL PRACTICE PTY LTD                         | <SUPERANNUATION FUND A/C>     | 19,747,277  | 1.52                  |
| 7  | TAMBIEN PTY LTD  | <MANGELSDORF SUPER FUND A/C>  | 16,856,418  | 1.30                  |
| 8  | MR MARK OVERALL TAGG ARUNDEL +<br>MRS SIGRID JO-ANNE ARUNDEL |                               | 12,678,000  | 0.98                  |
| 9  | MRS MARGE MEI YU LIP   |                               | 11,488,233  | 0.89                  |
| 10 | MRS SABINA LIP   |                               | 11,250,000  | 0.87                  |
| 11 | MR VICTOR PEREIRA  |                               | 10,500,000  | 0.81                  |
| 12 | MRS SIGRID ARUNDEL   | <INTERGRATION INVESTMENT A/C> | 10,250,000  | 0.79                  |
| 13 | VAN AM MARKETING PTY LTD                                     |                               | 10,008,599  | 0.77                  |
| 14 | JAYEM PTY LTD  |                               | 8,921,214   | 0.69                  |
| 15 | MR SCOTT JAMES BURNS   |                               | 8,920,097   | 0.69                  |
| 16 | MR BRIAN WILLIAM COLLINS + MRS<br>MARALYN JOAN COLLINS       |                               | 8,655,000   | 0.67                  |
| 17 | TAMBIEN PTY LTD  | <ROSS MANGELSDODORF FAM A/C>  | 7,882,975   | 0.61                  |
| 18 | ATLANTIS MG PTY LTD  | <MG FAMILY A/C>               | 7,809,971   | 0.60                  |
| 19 | DALROSE PTY LTD  | <LOWE SUPER FUND A/C>         | 7,000,000   | 0.54                  |
| 20 | MR BARRY JOHN WELLBY   |                               | 7,000,000   | 0.54                  |

## Analytica Limited

### Additional Information for Listed Public Companies For the Year Ended 30 June, 2015

#### Twenty largest option holders

ALTO Options expire 29 February 2016 @1.1 Cents

|    |   |                               | Number held | % of issued options |
|----|---|-------------------------------|-------------|---------------------|
| 1  | HALONNA PTY LIMITED                                       | <MONSOUR FAMILY A/C>          | 12,500,000  | 10.47               |
| 2  | IGNATIUS LIP PTY LTD                                      | <IGNATIUS LIP P/L S/FUND A/C> | 5,699,208   | 4.77                |
| 3  | W BROOKS INVESTMENTS PTY LTD                              | <B & P SUPER FUND A/C>        | 5,405,000   | 4.53                |
| 4  | ROTHERWOOD ENTERPRISES PTY LTD                            |                               | 4,551,220   | 3.81                |
| 5  | MRS MARGE MEI YU LIP                                      |                               | 2,943,136   | 2.47                |
| 6  | ATLANTIS MG PTY LTD                                       | <MG FAMILY A/C>               | 2,560,061   | 2.14                |
| 7  | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                 |                               | 2,500,000   | 2.09                |
| 8  | M P MONSOUR MEDICAL PRACTICE PTY LTD                      | <SUPERANNUATION FUND A/C>     | 2,500,000   | 2.09                |
| 9  | NUTSVILLE PTY LTD   | <INDUST ELECTRIC CO S/F A/C>  | 2,275,610   | 1.91                |
| 10 | MENZIES SUPER PTY LTD                                     | <MENZIES SUPER FUND A/C>      | 2,027,455   | 1.70                |
| 11 | MR SCOTT JAMES BURNS                                      |                               | 1,666,666   | 1.40                |
| 12 | HALONNA PTY LTD   | <MONSOUR FAMILY A/C>          | 1,666,666   | 1.40                |
| 13 | MRS SIGRID ARUNDEL  | <INTEGRATION INVESTMENT A/C>  | 1,416,666   | 1.19                |
| 14 | TAMBIEN PTY LTD   | <MANGELSDORF SUPER FUND A/C>  | 1,333,333   | 1.12                |
| 15 | MR MARK OVERELL TAGG ARUNDEL + MRS SIGRID JO-ANNE ARUNDEL | <ARUNDEL SUPERFUND A/C>       | 1,250,000   | 1.05                |
| 16 | MRS SABINA LIP  |                               | 1,250,000   | 1.05                |
| 17 | MR VICTOR PEREIRA   |                               | 1,166,666   | 0.98                |
| 18 | MR MICHAEL PETER HETRELEZIS                               | <MIKE'S INVESTMENT A/C>       | 1,142,513   | 0.96                |
| 19 | BALARELLI PTY LTD   | <BVB A/C>                     | 1,137,805   | 0.95                |
| 20 | VAN AM MARKETING PTY LTD                                  |                               | 1,137,805   | 0.95                |

## Additional Information for Listed Public Companies

For the Year Ended 30 June, 2015

Twenty largest option holders

ALTOA - Options Expire 28 February 2018 @ 1.4 Cents

|    |   |                               | Number held | % of issued options |
|----|---|-------------------------------|-------------|---------------------|
| 1  | HALONNA PTY LIMITED                                       | <MONSOUR FAMILY A/C>          | 12,500,000  | 10.47               |
| 2  | IGNATIUS LIP PTY LTD                                      | <IGNATIUS LIP P/L S/FUND A/C> | 5,699,208   | 4.77                |
| 3  | W BROOKS INVESTMENTS PTY LTD                              | <B & P SUPER FUND A/C>        | 5,405,000   | 4.53                |
| 4  | MRS MARGE MEI YU LIP                                      |                               | 2,943,136   | 2.47                |
| 5  | ATLANTIS MG PTY LTD                                       | <MG FAMILY A/C>               | 2,560,061   | 2.14                |
| 6  | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                 |                               | 2,500,000   | 2.09                |
| 7  | M P MONSOUR MEDICAL PRACTICE PTY LTD                      | <SUPERANNUATION FUND A/C>     | 2,500,000   | 2.09                |
| 8  | MR JOHN ARTHUR JARVIS                                     | <JOHN JARVIS FAMILY A/C>      | 2,408,333   | 2.02                |
| 9  | NUTSVILLE PTY LTD   | <INDUST ELECTRIC CO S/F A/C>  | 2,275,610   | 1.91                |
| 10 | ROTHERWOOD ENTERPRISES PTY LTD                            |                               | 2,182,313   | 1.83                |
| 11 | MR SCOTT JAMES BURNS                                      |                               | 1,666,666   | 1.40                |
| 12 | HALONNA PTY LTD   | <MONSOUR FAMILY A/C>          | 1,666,666   | 1.40                |
| 13 | MRS SIGRID ARUNDEL  | <INTEGRATION INVESTMENT A/C>  | 1,416,666   | 1.19                |
| 14 | TAMBIEN PTY LTD   | <MANGELSDORF SUPER FUND A/C>  | 1,333,333   | 1.12                |
| 15 | MR MARK OVERELL TAGG ARUNDEL + MRS SIGRID JO-ANNE ARUNDEL | <ARUNDEL SUPERFUND A/C>       | 1,250,000   | 1.05                |
| 16 | MRS SABINA LIP  |                               | 1,250,000   | 1.05                |
| 17 | MR VICTOR PEREIRA   |                               | 1,166,666   | 0.98                |
| 18 | MR MICHAEL PETER HETRELEZIS                               | <MIKE'S INVESTMENT A/C>       | 1,142,513   | 0.96                |
| 19 | BALARELLI PTY LTD   | <BVB A/C>                     | 1,137,805   | 0.95                |
| 20 | VAN AM MARKETING PTY LTD                                  |                               | 1,137,805   | 0.95                |

### Securities exchange

The Company is listed on the Australian Securities Exchange.