

The Manager  
Company Announcements Office  
ASX Limited

## CHAIRMAN'S ADDRESS

**Adelaide, 21 October 2015:** I am delighted to stand before you today and recount how the past year has contributed to LBT Innovations' continuing emergence as a medical innovation company with real global significance. Even more important are the achievements reported by the company since the end of the fiscal year. Overall, I believe that there has been significant value added to LBT for all of our stakeholders. However, I must add that it was a difficult day for everyone at LBT when we announced that our long-standing CEO, Lusia Guthrie, will be retiring in 2016 because of health issues. I will talk more about her retirement at the end of this address.

As you may have seen in the company's Annual Report, revenue for 2014-15 was down by 40% to \$2.37 million. This decrease was largely a reflection of the completion of milestone payments from our joint venture partner, Hettich AG Switzerland. Our overall balance-sheet was significantly improved in August, however, when the ending of our exclusive license with bioMérieux and the renegotiated new license agreement, injected \$7.9 million into LBT's cash-flow position.

Ironically, just as we crossed the minimum threshold for the first time in sales of applicators with PREVI Isola, it appeared to be a setback for LBT when bioMérieux notified us in early 2015 that they intended to discontinue our current licence agreement. However, with the negotiation of a new agreement, in addition to significant cash funds, both the Board and management believe we now have the opportunity to add substantial improvements for sales of our MicroStreak technology. More news will be developing about that process over the next year.

At the same time, tremendous progress has been made over the course of these 12 months in our development of APAS, with the completion of two Australian clinical trials and our successful US trial earlier in this new fiscal year. As already reported, we could not be more pleased with the results that were obtained in the US trials. The initial work on the development of WoundVue also looks very promising. LBT has almost doubled the size of our technical team, and with the imminent completion of the first phase of the APAS development program and our promising R&D with WoundVue, the focus of the company remains firmly on our Intelligent Imaging technology platform.

As most of the Board are significant shareholders, we believe that our company stands on the brink of a genuine revolution in diagnostics interpretation and reporting – a revolution with the potential to make life better for millions of people and, at the same time, to add value for all of our stakeholders.

Although development expenses increased this year, as we completed clinical trials for APAS and began the early-stage development of WoundVue, these were offset by last year's successful capital raising and by the continuing success of our applications for research funding and tax concessions from state and federal governments.

In Australia we often complain about the tyranny of distance in getting our products to market. But I believe that some of these costs are compensated for by the public funding environment, which rewards innovations that demonstrate genuine commercial potential. Last October, we were fortunate to secure a \$250,000 grant, which helped us lift WoundVue from the realm of 'good ideas' to a very real prospect that is now the subject of world-first clinical research.

WoundVue is the latest project to emerge from LBT's Intelligent Imaging platform, which over the past year has itself moved from the realm of the 'possible' to the 'credible'. Following last year's trials of APAS in Melbourne and Adelaide, we saw the completion in July of the most comprehensive APAS clinical trial yet at TriCore Reference Laboratories in New Mexico. LBT recently released the results from this trial, which not only exceeded our expectations but – crucially – bringing approval by the FDA one important step closer. Lusia will discuss the next steps for APAS in more detail in her upcoming presentation.

The core APAS technology has now been successfully tested, under the most rigorous laboratory conditions, on urine samples from more than 10,000 different patients. The findings of our Australian trials are the subject of a peer-reviewed

article by our Scientific Director, John Glasson, which has been submitted for publication in the *Journal of Clinical Microbiology* – the ‘bible’ on laboratory diagnosis in the world’s largest pathology market. Also in 2015, we were delighted to be awarded a U.S. patent related to the colour calibration of images captured by APAS, and this month we received a Notice of Allowance for a second U.S. patent, which covers the key systems and software for analysing and assessing images of culture plates for the presence of microbial growth.

In 2016 we should see pre-production prototypes of the APAS Independence®, an automated plate-reading instrument that can screen and sort culture plates for pathogenic bacteria. Last month, Peter Bradley, Lusia and several LBT contract engineers visited the premises in Europe where APAS Independence is being built. The creation of this Australian-German collaboration has been a challenging and inspiring journey.

Such technical partnerships will be crucial to LBT’s success as we continue to expand the other branches of our technology pipeline. We are working with our computer-vision partners at the Australian Centre for Visual Technologies (ACVT) to develop a prototype system that can be used to differentiate the different types and stages of chronic wounds. Like APAS, our WoundVue project is using the wisdom of world-class experts: in this case, the wound-care team at Adelaide’s Queen Elizabeth Hospital, who are working with our project officer, Nicole Jones, and the ACVT’s researchers to apply our pattern-recognition algorithms to imagery of actual wounds in real time.

With regard to MicroStreak, LBT’s first technology, we are exploring a range of options to reinvigorate our knowledge and technical edge in the growing culture plate-streaking marketplace. With bioMérieux’s commitment to continue servicing the 400-plus existing customers of PREVI Isola, we are now able to focus on researching and re-engineering specific aspects of MicroStreak. We are already in contact with several diagnostic companies regarding new opportunities for this technology, and we look forward to updating you of our plans as we progress them.

I would like to take this opportunity to welcome the newest members of the growing LBT team. The past year has been a particularly important one for building our professional and technical credentials, as we move towards the finalisation and marketing of a commercial APAS product.

As already mentioned, in June we took on the services of an experienced vascular nurse, Nicole Jones. We have also expanded our quality assurance team with the appointment of Julie Brookes, who is supporting Julie Winson in ensuring that we comply with the regulatory guidelines and quality system standards necessary for the design, development and commercialisation of our products.

At the start of this financial year, we were delighted to be joined by Tom Cosic, a highly experienced software engineer and program manager. The APAS team has also been strengthened with the arrival of Tomasz Grzegurczko, a seasoned computer scientist who has joined LBT full time as our principal software engineer.

Before I call on Lusia Guthrie to tell you a little more about the specific operational achievements of LBT, I would like to close by thanking you sincerely for your continuing support and faith in LBT over the previous year. This will be the last year that Lusia gives her talk as CEO and, as I said in last week’s announcement, it bears repeating that without her drive and vision, along with John Glasson’s, LBT would never have been formed or listed – let alone have launched a new product into the market, with a second breakthrough product nearing completion.

In her last market update, Lusia spoke of the “deep loyalty and confidence of LBT’s shareholders, who have remained steadfastly focused on the long-term prospects of our growing product portfolio”. I think that sums it up perfectly – not just about the shareholders but about Lusia and her team. We have been through some challenging times in recent years, surviving market uncertainty and our own financial challenges, but we have come through it all not only stronger but in even better shape for the future. I would like to end my address by specifically acknowledging Lusia for her many achievements during her long career with LBT Innovations.

Thank you.

– ENDS –

### About LBT Innovations

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

For more information, see [www.lbtinnovations.com](http://www.lbtinnovations.com)

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