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Appendix 4E

Preliminary Final Report

Name of entity:	Calzada Limited
ABN:	96 083 866 862
Reporting period:	30 June 2013
Previous corresponding period:	30 June 2012

Index

1. Results for the year ended 30 June 2013
2. Annual Report for the year ended 30 June 2013

Results for the Year Ended 30 June 2013

Calzada Ltd today released its financial results for the year ended 30 June 2013. For the period the Group reported a net operating loss after tax of $1.498 million on revenue of $0.278 million. This was a decrease of 45% from the prior year loss of $2.703 million. The significant reduction in the loss was primarily driven by the higher research and development tax benefit of $1.574 million, compared to $0.677 million in the prior year. This higher amount included both the actual 2011/12 benefit plus an accrual for 2012/13 – in line with audit guidance.

At year end the Group retained cash reserves of $3.943 million, (including term deposits classified as other assets) with a further $2.6 million raised post 30 June 2013 under the Calzada Share Purchase Plan which closed on 19 July 2013.

During 2012/13 the Group made excellent progress in its focus to commercialise its technologies and deliver sustainable value to shareholders.

PolyNovo

The 2012/13 financial year was a defining period for the company as it successfully completed its first human clinical trial of its NovoSorb™ polymer wound dressing (for topical negative pressure (TNP) wound dressings), moved closer to completing its second human trial (for its dermal replacement wound treatment device using the NovoSorb™ biodegradable temporising matrix (BTM)), and progressed towards commercialisation with partnering and joint venture discussions either complete with agreements signed or underway across the wound, facial reconstruction and hernia markets.

The successful completion of the human trials of NovoSorb™ is the culmination of over ten years product development and is a very important milestone paving the way for greater leverage of the technology. The human efficacy and safety results are important to the development of NovoSorb™ across all its intended applications and will be used in regulatory applications to market medical devices using NovoSorb™. These results are also very valuable in attracting licensing and distribution partners across a diversified range of NovoSorb™ applications.

Metabolic

Metabolic owns the intellectual property around AOD9604 which has potential applications in the treatment of obesity, bone, cartilage and muscle diseases and repair. Management continued to evaluate opportunities and target potential partners across these fields. Metabolic successfully completed an animal study in South Korea which indicated that AOD9604 had a positive effect on the repair of cartilage and joint tissue following intra-articular injection in an osteoarthritis model.

Metabolic is investigating a number of commercialisation opportunities for AOD9604 including whether it may be added to foods, drinks and dietary supplements in the US market.

Financial

Towards the end of the financial year, Calzada strengthened its balance sheet by raising additional capital. This raising included the placement of 19.2 million shares at 6.5 cents to a range of sophisticated investors raising $1.25 million and was followed by a Share Purchase Plan, subsequent to year end, to existing shareholders that resulted in the placement of 40.2 million new shares at 6.5 cents each raising a further $2.6 million. At 30 June 2013 Calzada had cash on hand and cash held in term deposits (including those classified as a financial asset in the Statement of Financial Position) of $3.943 million.

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Strategic Overview and Developments

The focus of Calzada continues to shift towards PolyNovo as this business makes exciting progress in developing its NovoSorb™ technology platform. PolyNovo's focus over the next six to twelve months will be to prepare a 510(k) regulatory submission for marketing approval for TNP wound dressings and to seek distribution partners for this product. PolyNovo will also complete the current human trial of its NovoSorbTM dressings in full thickness wounds where indications of its performance to date have been excellent.

PolyNovo will commence a further trial in 3rd degree burn patients in the second half of calendar 2013. The Company is also in on-going discussions with the Biomedical Advanced Research & Development Authority (BARDA) in relation to a contract to undertake a US clinical trial for regulatory submission to the FDA for 3rd degree burns.

Calzada continues to look for opportunities to unlock value in Metabolic's asset AOD9604. Metabolic's focus in the June - December 2013 period will be to license or partner AOD9604 to human and veterinary pharmaceutical companies for the treatment and repair of obesity, bone, muscle and cartilage related disorders. At the expiry of that six month period and depending on the outcomes achieved, the Calzada Board and Management will review its ongoing commitment to the Metabolic business, including whether it may be separated as an entity in its own right.

Further details in respect to the Company operations are provided in the attached Annual Report.

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues and results from Ordinary Activities:	**Change from 2012**	**%**		**2013 $**
Revenues from ordinary activities	down	65.4	to	278,445
Net loss for the period after tax	down	44.6	to	(1,497,555)
Loss from ordinary activities after tax attributable to members	down	44.7	to	(1,492,423)
Net loss for the period attributable to members	down	44.7	to	(1,492,423)

Dividends

No dividends have been paid or declared by the board since the beginning of the current reporting period.

No dividends were paid for the previous corresponding period.

Explanation on figures reported above

The Directors report that the loss for the period after tax was $1,497,555 (2012:$2,702,726), and the loss for the period attributable to members after providing for an income tax benefit of $72,118 (2012:$128,090) was $1,492,423 (2012;$2,699,475).

Revenue for the period was $278,445 (2012;$805,156).

Significant items that contributed to the result include:

-Calzada received a cash payment from the research and development benefit of $789,255 (2012; $677,400). Calzada has accrued $784,813 in respect to the Group's 2013 research and development cash benefit, this cash is expected to be received in the first half of FY14;

-Total revenue (which excludes the research and development benefit discussed above) decreased from $805,156 to $278,445. The fall in revenue is predominantly due to a decrease in finance revenue, reduced government grant revenue, lower license revenue at the conclusion of the one year feasibility study and reduced sales of materials in PolyNovo;

-Employee related expenses decreased to $1,135,607 (2012; $1,543,631); and

-Research and development expenses decreased from $1,299,926 to $847,473 over the year, a commendable performance given two human clinical trials were underway during the year.

Entities the Company gained control of during the period

Nil.

Earnings per share	**2013**	**2012**
Basic	(0.43)	(0.78)
Diluted	(0.43)	(0.78)

Net tangible assets	**2013**	**2012**
Net tangible asset backing per security	$0.0145	$0.0180

The financial statements have been audited. The Annual Report including the auditor's report is attached.

Further details in respect to the financial results reported above are provided in the attached Annual Report.

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ABN 96 083 866 862

Annual Report

For the year ended 30 June 2013

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MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

The 2013 financial year has been a defining period for Calzada, with the group making outstanding progress operationally, financially and strategically. The platform has now been set to drive further shareholder value in the years ahead.

The highlight of the year was PolyNovo's successful completion of its first human clinical trial for its topical negative pressure wound dressing. This was the culmination of over 10 years product development and is an important milestone, not only in bringing this wound dressing product to market, but also in leveraging the NovoSorb™ technology into broader medical device applications.

PolyNovo is also nearing completion of its second human trial (for its implantable dermal replacement device using the NovoSorb™ biodegradable temporising matrix (BTM)) with results due for release in October 2013. PolyNovo has also announced a partnership to investigate opportunities for NovoSorb™ polymers to be used in the aesthetic facial surgery and has entered a feasibility agreement investigating its use in hernia repair. These projects have the potential to be important value drivers for the Company.

Metabolic continues to investigate opportunities to drive a commercial return from the intellectual property around AOD9604. Further animal studies have been undertaken to evaluate its applicability in osteoarthritis and it continues to move towards receiving GRAS status, which would allow its inclusion as a food and drink additive in the US market. The Calzada Board has indicated that it intends to review its ongoing commitment to the Metabolic business, including whether it may be separated as an entity in its own right, by December 2013.

Calzada remains careful to ensure that it has the financial stability to support the operational requirements of the business. During the year Calzada raised $1.25 million via a placement to sophisticated investors which resulted in year end net cash of $3.94 million. Subsequent to year end Calzada followed that placement with a share purchase plan to existing shareholders which raised a further $2.60 million. With these initiatives, the Company is in a solid financial position as it expects the annual cash expenditure to be approximately $2.50 million in 2013/14.

On behalf of the Board, I would like to thank our management and staff for their tireless effort and tremendous progress achieved over the year. I would also like to acknowledge the support shown by our shareholders in the recent capital raisings.

David Franklyn

Chairman

Calzada Limited

DIRECTORS' REPORT

The Board of Directors of Calzada Limited ("Calzada") resolved to submit the following report together with the consolidated Annual Financial Report in respect of the financial year ended 30th June 2013.

Board of Directors and Senior Management

The names and details of Directors and Senior Management during the year and until the date of this report are contained in this section. Directors were in office for the entire period unless otherwise stated.

Mr David Franklyn (BEcon)

NON-EXECUTIVE CHAIRMAN

Mr Franklyn is Chairman of Calzada and its 100% owned subsidiary PolyNovo Biomaterials Pty Ltd and has held that title since 16th April 2009.

Mr Franklyn holds an Economics degree from the University of Western Australia and has completed the Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, now FINSIA.

Mr Franklyn has been involved in the financial services industry for over twenty years. He has extensive experience in the financial analysis of companies, funds management, corporate finance, business management and investor relations. His previous roles include being Head of Research for a national stockbroker and General Manager Corporate Communications for an ASX 200 company.

Mr Franklyn is currently Managing Director of Entrust Funds Management Ltd, a Western Australian based boutique funds management business, and a Non-Executive Director of ASX Listed Nomad Building Solutions Ltd.

Mr Bruce Rathie (BComm, LLB, MBA, FAIM, FAICD)

NON-EXECUTIVE DIRECTOR

Mr Rathie was appointed a Director of Calzada on 18th February 2010.

Mr Rathie holds degrees in law, commerce and business and has considerable experience as a lawyer having practiced as a solicitor and partner in a major Brisbane based legal firm and then as Senior in-house Counsel to Bell Resources Limited from 1980 to 1985 in aggregate.

He studied for his MBA in Geneva and then went into investment banking in 1986 which subsequently took him to New York for over 2 years returning to Sydney in 1990.

He spent the 90's in investment banking in Sydney, the last 5 years as a Director of Investment Banking at Salomon Brothers/ Salomon Smith Barney where he was Head of the Industrial Franchise Group and also led Salomon's roles in the Federal Government's privatisation of Qantas, Commonwealth Bank (CBA3) and Telstra (T1).

Mr Rathie currently is, in addition to his Non-Executive Director role at Calzada, Executive Chairman of DataDot Technology Limited (an industrial security products company), Non-Executive Director of Capricorn Society Limited the largest auto parts cooperative in the Southern Hemisphere with operations in Australia, South Africa and New Zealand, and is also Chairman of EFTPOS Payments Australia Limited the Australian debit card payment company.

Mr Rathie resigned as a Non-Executive Director of ASX listed Mungana Goldmines Limited (a gold mining company) on 19 August 2013.

Dr John Chiplin (PhD)

NON-EXECUTIVE DIRECTOR

Dr Chiplin was appointed a Director of Calzada on 18th October 2010. Dr Chiplin resigned as a Director of Calzada on 14th November 2012.

Dr Chiplin is one of the most successful life sciences professionals in the Australian biotech industry. His most recent accomplishment was the corporate re-engineering of Arana Therapeutics (Arana), a world leading antibody developer, which resulted in the mid 2009 acquisition of Arana by Cephalon for $329 million at a 70 percent premium to the market valuation. Immediately prior to running Arana, Dr Chiplin was head of the $300 million ITI Life Sciences investment fund in the United Kingdom and prior to this was co-founder and Chief Executive officer of Geneformatics Inc.

Dr Chiplin has broad-based experience in the life science and technology industries, both from an operational and investment perspective.

Dr Chiplin is a current Non-Executive Director of ASX listed Benitec Ltd and a Director of ScienceMedia. He resigned as Non-Executive Director of Progen Pharmaceuticals in August 2011 and resigned as Non-Executive Director of Healthlinx Ltd in June 2012.

Dr David McQuillan (PhD)

NON-EXECUTIVE DIRECTOR

Dr McQuillan was appointed a Director of Calzada on 6th August 2012.

Dr McQuillan possesses extensive technical, medical, scientific and regulatory knowledge as well as significant mergers and acquisition expertise.

In 2000, Dr McQuillan joined LifeCell Corporation as the Vice-President for Research and Development (R & D). He led LifeCell's R & D team focusing on the creation of market-leading products for reconstructive and plastic surgery applications. Following marketing approval in 2008 for its new reconstructive tissue matrix Strattice™, LifeCell was acquired by Kinetic Concepts Inc ("KCI") for US$1.8 billion. Following the acquisition, Dr McQuillan became the Senior Vice President of the Advanced Research and Technology unit at KCI. Dr McQuillan left KCI in 2011 after its acquisition by a private consortium for US$6.7 billion.

Dr McQuillan is Co-Founder and currently serves as Chief Science Officer for TelaBio Inc., a Pennsylvania based early-stage biotechnology company developing medical devices to serve the surgical reconstruction market.

Mr Chris Mews (CPA, ACIS)

COMPANY SECRETARY/CHIEF FINANCIAL OFFICER

Mr Mews was appointed Company Secretary of Calzada Ltd on 16th April 2009 and was appointed Chief Financial Officer on 1st September 2009.

Mr Mews has been involved in the financial services industry for over 10 years. Mr Mews is a Certified Practicing Accountant and Chartered Company Secretary and has been Company Secretary and Chief Financial Officer of various listed and unlisted companies.

Principal Activities

Calzada owns 100% of PolyNovo Biomaterials Pty Ltd (PolyNovo) and 100% of Metabolic Pharmaceuticals Pty Ltd (Metabolic). Refer to the review of operations for a full description of the activities of each of these business units.

The parent company has 1.75 full-time employees. Where required, the parent company outsources to expert contractors and consultants to gain access to the best possible expertise for continued advancement of its development assets.

Financial Results

Calzada reported a net loss after tax of $1,497,555 on revenue of $278,445 for the 2013 financial year. This was a decrease of 45% from the prior year loss of $2,702,726. The significant reduction in the loss was primarily driven by the higher R&D tax benefit of $1,574,068, compared to $677,400 in the prior year. This higher amount included both the actual 2011/12 benefit plus an accrual for 2012/13 – in line with audit guidance.

Major factors in the result were as follows:

- Total revenue decreased from $805,156 to $278,445. The fall in revenue is predominantly due to a decrease in finance revenue, lower license revenue at the conclusion of a one year feasibility study conducted by an external party and reduced sales of materials in PolyNovo.
- Calzada recognised grant revenue of $39,011 for 2013 (2012; $218,029). This was comprised of $35,963 from a successful Export Market Development Grant application and Grant Revenue of $3,048 (2012; $11,148) from the Victorian Government.
- Employee related expenses decreased significantly from $1,543,631 to $1,135,607. The decrease largely reflected the fact that the role of Chief Executive Officer (CEO) of Calzada was not replaced after the previous CEO's departure in 2011/12.
- Research and development expenses decreased from $1,299,926 to $847,473 over the year, which was an excellent outcome given two human clinical trials were underway during the year.
- Royalty revenue of $7,124 (2012; $32,716) was recognised during the year from sales by Phosphagenics of their BodyShaper™ anti-cellulite product, containing Metabolic's AOD9604 peptide.
- In 2013, Calzada received actual cash inflows in the form of tax benefits of $789,255 (2012; $677,400), relating to the Group's 2012 Research and Development tax benefit. Calzada has accrued $784,813 in respect to the Group's 2013 Research and Development tax benefit.
- A drop in interest income from $325,971 to $165,880 was reported for the period. This primarily reflects lower cash holdings and lower interest rates over the period.
- Net assets at year end totaled $7,817,880 which was down marginally from $7,988,617 held at 30 June 2012. The decline was lower than prior years due to a decreased cash burn and cash received during the period from the successful placement of $1,250,000 (before costs) to sophisticated investors in June 2013.

At year end Calzada had cash on hand and cash held in term deposits (including those classified as a financial asset in the Statement of Financial Position) of $3,943,667. We note that subsequent to year end a Share Purchase Plan was completed which raised a further $2.6 million. The expected receipt of the 2012/13 R&D tax benefit of $784,813 will increase this further.

Earnings Per Share

	Cents
Basic loss per share	(0.43)
Diluted loss per share	(0.43)

As the Group made a loss for the year ended 30 June 2013, potential ordinary shares, being options or performance rights to acquire ordinary shares, are considered non-dilutive and therefore not included in the diluted earnings per share calculation.

Dividends

No amounts have been recommended by the Directors that should be paid by way of dividend by the Group during the current financial year. No cash dividends have been paid or declared by the Group since the beginning of the financial year.

Review of Operations

Calzada has two operating businesses, being PolyNovo Biomaterials (PolyNovo) and Metabolic Pharmaceuticals (Metabolic). During 2012/13 the Group made excellent progress in its focus to commercialise its technologies and deliver sustainable value to shareholders.

POLYNOVO

PolyNovo is focused on developing its state of the art and patented biodegradable polymer platform technology NovoSorb™ for medical products aimed at reconstructive surgery and tissue repair. The 2012/13 financial year was a defining period for the company as it completed its first human clinical trial (for its topical negative pressure (TNP) wound dressing device), moved closer to completing its second human trial (for its dermal replacement device using the NovoSorb™ biodegradable temporising matrix (BTM)) and progressed towards commercialisation with partnering and joint venture discussions either complete with agreements signed or underway across the wound, facial reconstruction and hernia markets.

The successful completion of the first human trial of NovoSorb™ is the culmination of over ten years product development and is a very important milestone paving the way for greater leverage of the technology. The human efficacy and safety results are important to the development of NovoSorb™ across all its intended applications and will be used in regulatory applications to market medical devices using NovoSorb™. These results are also very valuable in attracting licensing and distribution partners across a diversified range of NovoSorb™ applications.

METABOLIC

Metabolic owns the intellectual property around AOD9604 which has potential applications in the treatment of obesity, bone, cartilage and muscle diseases and repair. Management continued to evaluate opportunities and target potential partners across these fields. Metabolic successfully completed an animal study in South Korea which indicated that AOD9604 had a positive effect on the repair of cartilage and joint tissue following intra-articular injection in an osteoarthritis model. Metabolic is investigating a number of commercialisation opportunities for AOD9604 including whether it may be added to foods, drinks and dietary supplements in the US market.

FINANCIAL

Towards the end of the financial year, Calzada strengthened its balance sheet by raising additional capital. This raising included the placement of 19.2 million shares at 6.5 cents to a range of sophisticated investors raising $1.25 million and was followed by a Share Purchase Plan to existing shareholders that resulted in the placement of 40.2 million new shares at 6.5 cents each raising a further $2.6 million. At 30 June 2013 Calzada had cash on hand and cash held in term deposits (including those classified as a financial asset in the Statement of Financial Position) of $3,943,667.

Calzada has made solid progress in 2013 through the continued development of its two existing business units, PolyNovo Biomaterials (PolyNovo) and Metabolic Pharmaceuticals (Metabolic).

PolyNovo Biomaterials Pty Ltd (PolyNovo)

PolyNovo's focus is on the development of innovative medical devices for a number of medical applications utilising its NovoSorb™ technology. During the period, PolyNovo has continued to target projects with lower risk and shorter timeframes to reach the market.

THE NOVOSORB™ TECHNOLOGY

NovoSorb™ is a family of proprietary medical grade polymers that can be utilised to manufacture novel medical devices designed to support tissue repair and then degrade in a defined fashion *in-situ* to harmless by-products. NovoSorb™ has significant advantages over competitor biodegradable polymers in terms of its design flexibility.

PolyNovo is able to manufacture NovoSorb™ polymer devices with a range of mechanical properties and flexible degradation times from months to years, that are suitable for many different medical applications.

Key attributes of NovoSorb™:

- Unparalleled range of mechanical properties & degradation times;
- Excellent biocompatibility and safety profile;
- Harmless degradation;
- Potential to deliver drugs, biological agents and or cells; and
- Scaleable manufacturing and processing.

PolyNovo seeks to commercialise NovoSorb™ through licensing with specialist external distributors, partnering with group's that have complementary skills and expertise or by joint ventures to develop products internally.

Below is a summary of PolyNovo's lead projects:

DERMAL REPLACEMENT DEVICES

PolyNovo formed NovoSkin Pty Ltd ("NovoSkin"), a joint venture company with burns surgeon Associate Professor John Greenwood, for the application and development of NovoSorb™ for a range of burns and wounds treatment products.

NovoSkin is developing two products using NovoSorb™ aimed at the treatment of full thickness wounds and burns:

- a Biodegradable Temporising Matrix ("BTM"); and
- a Composite Cultured Skin ("CCS").

The BTM is applied to a major burn or surgical wound to stabilise the wound, minimise drying, contraction and to provide a suitable environment for dermal tissue growth until skin grafts (or in the future with a composite cultured skin) are available and can be applied. PolyNovo/NovoSkin believes the use of BTM will provide a better patient outcome when compared to a skin graft alone. The resulting skin should be more elastic reducing post surgery rehabilitation requirements.

NovoSkin is also working to develop an in-vitro composite skin (a form of synthetic skin using NovoSorb™ or CCS) from the patient's own cells. This is a highly challenging area, but if successful would create a paradigm shift in burn treatment, potentially abolishing the need for skin grafts and accompanying painful donor sites in future burn care.

Results to date strongly suggest that the NovoSorb™ BTM could form the basis of a novel two-stage burn treatment strategy.

(1)Biodegradable Temporising Matrix (BTM)

PolyNovo announced the commencement of a 10 patient open label trial using its BTM to repair full thickness wounds in April 2012. The trial is primarily designed to assess the safety and efficacy of the NovoSorb™ BTM when used in full thickness wound repair. The trial continued throughout 2012/13 and by year end 8 patients had been treated. Subsequent to year end, the final two patients have been treated with trial results expected to be released in October 2013.

"Free flap" donor site repair (a surgically created full thickness wound up to 40cm by 20cm) was chosen as it provides the opportunity to assess the BTM in a wound, but in a smaller, more controlled environment than a major deep burn injury.

The trial is being undertaken at the Royal Adelaide Hospital. The BTM is implanted to physiologically close the donor site and after a period of 14 days the surgeon aims to be in a position to finally close the wound by applying a skin graft on the new dermal tissue created within the BTM. Thereafter, patients return home, having wound quality, measurement and graft quality assessed periodically.

Preliminary findings from patients treated are that the BTM has performed to expectations and that the clinicians are satisfied with the outcomes achieved thus far. Indications are that the BTM is capable of performing the following functions necessary to achieve clinical outcomes in surgical wounds and burns patients:

- Integration into the wound bed
- Resists contraction
- Repairs the dermal layer of skin without scarring
- Resists infection
- Inhibits water loss
- Limits reliance on immediate skin grafting and
- Stays intact, temporises and protects the wound until definitive closure is available.

Market Potential

The treatment of large (>80% of body surface) full thickness wounds is extremely challenging for surgeons around the world. The product deficiencies and high costs associated with the existing treatments are limiting its use to only life threatening injuries. An innovative technology such as BTM has the potential to transform the use of dermal repair grafts making them accessible to a much larger group of patients. Furthermore, BTM offers the potential to deliver better patient outcomes by recreating a functional dermis. This provides an ideal wound bed for a very thin thickness split skin graft.

Regulatory Strategy

PolyNovo has engaged the Emergo Group, a global regulatory consulting firm for medical devices, to define the regulatory and reimbursement strategies in Europe and the US for the BTM technology. The intention is to lodge a 510(k) application in Q4 calendar 2013 with the US FDA for the BTM device in surgical wounds. A 510(k) application is a pre-market submission made to the FDA to demonstrate that a device to be marketed is as safe and as effective as an existing predicate device being sold in the USA. The BTM full thickness burn device may require a pre-market approval (PMA) which will require a larger multi centre clinical trial. As such PMA approval is unlikely to be achieved prior to the end of calendar 2015.

BARDA Application

In October 2012 PolyNovo (via its 80% owned subsidiary NovoSkin Pty Ltd) reported that it had been invited to submit a proposal for a United States government Biomedical Advanced Research and Development Authority (BARDA) contract to further develop its BTM device for application as a medical countermeasure in response to mass burn casualties.

The outcome of this application is expected Q1 calendar 2014. Funds from a BARDA contract would fund further product development plus the Pre-Marketing Approval (PMA) clinical trials required to allow marketing of BTM for this application in the USA.

Ethics Approval for a further Burns Trial at Royal Adelaide Hospital

Associate Professor John Greenwood has received Ethics Committee approval to commence a five patient trial using the BTM device in full thickness burns patients who have up to 50% body surface burns. This trial is expected to begin recruitment in Q4 calendar 2013.

This trial will provide valuable additional clinical data that will be important in the design of a future burns trial in a larger patient pool. PolyNovo is continuing discussions with burns surgeons internationally in relation to the ongoing development in this field.

(2)Composite Cultured Skin (CCS)

PolyNovo is seeking to develop a second generation product using BTM as a scaffold. It is a composite cultured skin (CCS), a form of synthetic skin using a BTM upon which are seeded the patients own skin cells taken from a small biopsy. A synthetic skin is then created in a bioreactor of the type commonly found in many skin engineering laboratories.

PolyNovo continues to make sound progress in developing this product with positive results achieved during the year from animal trials proving that a viable CCS can be produced and successfully implanted into an animal. The results show that the CCS was successfully integrated onto a previously implanted BTM which then epithelised (closed) the wound, showing no signs of infection and very limited contraction after 49 days implant in the animal.

Creating a sustainable synthetic skin is a highly challenging area, but these recent results give PolyNovo confidence that it will be successful in creating a paradigm shift in the treatment of burns. A viable synthetic skin product would allow burn surgeons to sidestep the requirement for harvesting skin grafts. That outcome would alleviate the extreme discomfort associated with skin graft donor sites in patients.

TOPICAL NEGATIVE PRESSURE WOUND DRESSINGS

PolyNovo has identified an application using the NovoSorb™ foam to manufacture dressings for assistance with Topical Negative Pressure (TNP) wound treatment, leveraging the Biodegradable Temporising Matrix (BTM) Technology developed internally with NovoSkin Pty Ltd (80% PolyNovo owned) for the treatment of burns.

During the 2012/13 financial year PolyNovo successfully completed a human clinical trial that compared the NovoSorb™ dressing to the gold standard current treatment GranuFoam™.

The trial involved a prospective, randomised, controlled study of NovoSorb™ foam as the wound dressing for TNP therapy in the treatment of chronic and complex pressure sores (decubitus ulcers). A total of 18 patients and 20 pressure sores were treated – 10 with NovoSorb™ TNP foam and 10 with the current "gold standard" dressing (GranuFoam™).

The NovoSorb™ TNP foam dressing met the primary outcomes of the study which was to demonstrate its efficacy as a TNP device and its safety. It also demonstrated important advantages over GranuFoam™ :

- Reduced dressing fragmentation;
- Reduced risk of infection;
- Reduced trauma on dressing removal (difficulty, bleeding); and
- Reduced undesirable dressing retention in the wound.

The findings are significant as they demonstrate that the NovoSorb™ TNP foam dressing has the potential to address serious concerns raised by the FDA in relation to complications arising from currently used TNP dressings – these include infection resulting from foam fragments remaining in the wound and bleeding on dressing removal. Such attributes are major commercial arguments favoring the use of NovoSorb™ TNP foam dressings over the current treatment alternatives.

The Key Trial Results

No adverse reaction was observed in any patient receiving the NovoSorb™ foam. Residual foam after dressing removal was seen in fewer subjects treated with NovoSorb™ foam than GranuFoam™. In those GranuFoam™ treated patients with foam residues, infection commonly followed. Infection was not observed where residues of the NovoSorb™ foam were reported.

The trial results support several previous in-house animal studies, and independent ISO 10993 testing, and show that the NovoSorb™ foam is safe and well tolerated by human tissue. Its efficacy as a TNP interface, coupled with its lack of infective consequences of retention, make the NovoSorb™ material ideal for the TNP application, especially in deep cavity wounds where residual foam after dressing was either easily removed or able to safely degrade away.

Wound Size Reduction:

Statistical analysis indicated that the NovoSorb™ foam dressings performed well in reducing the wound size, when compared to the control dressing GranuFoam™.

On average, at day 50 the wound had reduced to 40.13% of its original size for those pressure sores using GranuFoam™ compared to 30.13% of its original size for those pressure sores treated with NovoSorb™.

Wound analysis:

NovoSorb™ dressings were found to display characteristics that could potentially solve several serious complications highlighted by the FDA notices on topical negative pressure dressings and reduce the overall cost of treatment. These factors can be used as major commercial arguments favoring the use of NovoSorb™ dressings over the alternatives.

- *Dressing removal*

  'Difficult' dressing removals were only ever reported where GranuFoam™ was the interface device in ischial (a sore with a large cavity and small skin wound at surface, often caused by extensive sitting) wounds. Of 50 dressing changes in ischial wounds treated with GranuFoam™, 'difficult' foam removals were recorded in 40 (80%) of cases. All NovoSorb™ dressing changes, in all wound types, were reported to be 'easy' in 72/72 (100%) of cases.

- *Foam dressing fragmentation/ retention*

  The NovoSorb™ foam had lower levels of foam dressing fragmentation and retention when compared to GranuFoam™. Overall 28.4% of GranuFoam™ treatments reported foam fragmentation, compared to 19.4% of NovoSorb™ treatments. In ischial treatments, GranuFoam™ fragmentation was reported in 42% of cases as compared with 31% of NovoSorb™ treatments.

Foam fragmentation/retention is a major cause of infection as per the FDA notices. Less fragmentation and less retention equates to less infection.

Retention of material was recorded in five patients, all with ischial sores - four with GranuFoam™, one with NovoSorb™. In the case of NovoSorb™, the retained foam was successfully washed out of the cavity with saline with no subsequent infection. The four patients with GranuFoam™ retention represented five episodes (one patient had two episodes of retention in the trial period). With this GranuFoam™ retention - sharp debridement and removal with scissors was required on four occasions in the following few days leading to infection in three patients.

Regulatory Strategy

PolyNovo will file a 510(k) application, during Q3 2013, seeking FDA clearance of the NovoSorb™ dressing in the US. A 510(k) application is a pre-market submission made to the FDA to demonstrate that a device to be marketed is as safe and as effective as an existing predicate device being sold in the US. In 98% of cases, devices seeking 510(k) clearance are approved for sale within 150 days of submission. A device that receives a 510(k) clearance can be marketed in the US.

Commercialisation Strategy

A TNP dressing tackling the issues cited in the FDA notices relating to serious complications with existing treatments offers a major competitive advantage.

PolyNovo can rely on the known biocompatibility of its NovoSorb™ polymers to demonstrate the reduction of risk of serious adverse events relating to foam retention in the wound. This was not only validated in the clinical trial of NovoSorb™ but also documented in numerous studies undertaken during the development of the NovoSorb™ burns treatment device.

The strategy is for PolyNovo to manufacture the NovoSorb™ TNP dressings and to seek a partner to market and distribute the product. The Company is currently progressing these commercialisation activities.

FRACTURE FIXATION AND BONE VOID FILLERS

PolyNovo has two development programs with the US based medical device company Smith & Nephew covering Fracture Fixation and Bone Void Fillers. Additionally, Smith & Nephew secured a US Government grant to create and develop a NovoSorb™ fracture putty to repair load bearing fractures caused by battlefield trauma. All three projects are controlled by Smith and Nephew. PolyNovo has developed formulations that are currently being tested in bone fracture animal trials being conducted by Smith & Nephew.

OTHER MARKET OPPORTUNITIES

Consistent with the Group's strategy to seek out further market opportunities that can leverage on the NovoSorb™ foam technology platform, PolyNovo has been investigating opportunities in facial reconstruction and aesthetic facial surgery, hernia repair and pelvic floor prolapse repair.

Subsequent to year end, on 9th July 2013, PolyNovo announced that it was entering into a partnership with NovoPlastiq LLC to globally commercialise the NovoSorb™ foam in the field of aesthetic facial surgery. On the 17th July 2013, PolyNovo announced a Feasibility Study Agreement with a partner in the field of hernia repair.

AESTHETIC FACIAL SURGERY

The field of aesthetic facial surgery includes nasal, chin, cheek and lip augmentation where existing treatments involve short-lasting dermal fillers, non-biodegradable implants and autologous transplants.

In its development to date, including human clinical trials, NovoSorb™ has demonstrated excellent biocompatibility, tissue incorporation, reduction in the risk of infection and biodegradability. These key attributes of its unique chemistry are directly transferrable into the optimal implant for facial augmentation and aesthetics.

NovoPlastiq has been established to target opportunities in the aesthetic facial surgery market. Shawn T. Huxel, NovoPlastiq's Chairman and CEO, together with acclaimed clinical advisors in facial aesthetics, will direct the newly formed entity. Huxel's decades of prior experience and expertise have been exclusively dedicated to the development and commercialisation of biomaterial based solutions for the medical device implant industry. His background includes large company experience at Johnson & Johnson/Ethicon, founding, financing and exiting startup companies as well as undertaking international management posts in Europe and Asia. Huxel and NovoPlastiq's team bring a wealth of industry knowledge and clinical expertise and are ideally suited to apply the NovoSorb™ technology and manage NovoPlastiq's marketing and distribution network in this highly specialised field.

Under the terms of the Agreement, NovoPlastiq has global exclusive marketing and distribution rights to NovoSorb™ devices in the field of aesthetic facial surgery. PolyNovo will co-develop, manufacture and supply the NovoSorb™ devices. NovoPlastiq, along with co-development, will be responsible for raising the necessary working capital, gaining regulatory approvals, marketing and distribution of the finished devices supplied by PolyNovo. In consideration for the license rights to NovoSorb™, PolyNovo has been granted 40% ownership in NovoPlastiq. PolyNovo will also receive manufacturing revenues and royalties on product sales in addition to the value of its equity ownership.

NovoPlastiq aims to have at least one device approved by the US FDA in the next twelve months and then to be marketed within four months of such approval.

HERNIA REPAIR FEASIBILITY AGREEMENT

PolyNovo entered into a Feasibility Agreement in July 2013 with a specialist US device company to evaluate the use of NovoSorb™ polymers in products in development for potential use in hernia repair. PolyNovo anticipates that the duration of the feasibility evaluation will be approximately six months.

If the evaluation is successful, the parties may negotiate and enter into a Licence and Supply Agreement involving milestone payments and a share of royalties for PolyNovo. PolyNovo would manufacture and supply the NovoSorb™ material for the US Company to commercialise and develop. The US Company would then market and distribute the final devices for which requisite regulatory clearance is obtained.

Hernia repair surgery involves the implantation of a device to reinforce missing or damaged tissue. The market is broadly split between synthetic meshes for simpler hernia repair and biologic meshes for the more complex repairs, which each have their specific shortcomings and limitations. NovoSorb™ has a number of potential advantages over existing devices used in these types of surgeries. These include NovoSorb™'s biodegradability, biocompatibility, adjustable biophysical properties, safety profile and a reduced risk of infection when implanted. NovoSorb™ will be evaluated as a new solution offering a superior alternative across the full spectrum of the hernia repair market.

In the US, it is likely that the more expedient and cost effective 510(k) regulatory pathway would be applicable for devices utilising NovoSorb™ material for use in hernia repair applications.

Hernia repair is yet another potential application of the NovoSorb™ platform, which can be broadly applied to human tissue repair and wounds treatment, including burns. This feasibility study further deepens PolyNovo's projects pipeline by directly leveraging from clinical experience to date as well as from other devices already developed using the NovoSorb™ technology.

Metabolic Pharmaceuticals Pty Ltd (Metabolic or AOD9604)

Metabolic owns the intellectual property around AOD9604 which has potential applications in the treatment of obesity, bone, cartilage and muscle diseases and repair. AOD9604 is a small 16 amino acid peptide modeled on one active segment of human growth hormone. It has proven to have an excellent safety and tolerability record following formal pre-clinical development and testing in a total of six human clinical trials involving 925 humans.

Metabolic has adopted a low cost out-licensing strategy aimed at deriving royalty and partnering income and to leverage off the substantial past investment in the clinical development of AOD9604.

The following key initiatives are being pursued to generate shareholder value:

AOD9604 AS A POTENTIAL TREATMENT FOR OSTEOARTHRITIS AND CARTILAGE AND MUSCLE REPAIR

Metabolic received positive results from *in-vivo* tests conducted on AOD9604 at the Daegu Catholic University Medical Centre, Daegu, South Korea during the year. The studies were conducted in a rabbit model of collagenase-induced Osteoarthritis (OA). This study was designed to explore the potential of AOD9604 to treat OA in an animal model, following receipt of positive results from the study conducted in 2012 at Mt Sinai Hospital, Toronto, Canada.

The South Korean results provided evidence that:

- AOD9604 had a positive effect on the repair of cartilage and joint tissue following intra-articular injection of AOD9604 into a collagenase-induced OA rabbit model;
- Hyaluronic Acid (HA), a drug commonly used in the treatment of OA in humans and animals, when combined with AOD9604 had an additive positive effect on the repair of cartilage and joint tissue following intra-articular injection; and
- There was no evidence of any adverse reactions in the joints of any of the AOD9604 treated animals.

These results support the *in-vitro* results obtained from the previously conducted Canadian study on cartilage cells.

Metabolic has provided this new animal data to a range of potential veterinary and pharmaceutical partners and discussions are ongoing.

VETERINARY APPLICATIONS

Many of the diseases and applications identified above also have relevance to companion animals. Two large market examples include obesity and osteoarthritis. Metabolic continues to seek partnering interest for the veterinary applications of AOD9604.

GENERALLY RECOGNISED AS SAFE (GRAS) STATUS PRODUCTS IN THE US MARKET

AOD9604 received pivotal self-affirmed GRAS status recognition in June 2012, conditional on publication of existing safety data. During the 2012/13 financial year, Metabolic has sought to address these publication requirements. A paper summarising the safety data from the six human clinical trials was published in the Journal of Endocrinology & Metabolism in April 2013, and a further paper summarising the safety data from the broad range of pre-clinical testing is currently being drafted.

Under a full GRAS status, AOD9604 can be legally added to foods & drinks and eventually dietary supplements in the US market, which allow for partnering and licensing discussions with companies marketing those products in the US.

The benefits to Metabolic of deriving value from AOD9604 in this way are:

- GRAS products are faster and cheaper to get to market; and
- The dietary supplement market for fat reduction, health and well-being is large and growing. Partners will be able to sell into this market using AOD9604 as a food or drink ingredient.

BODYSHAPER™

Metabolic granted Phosphagenics Ltd a restrictive license to the use of AOD9604 solely in a topically delivered cosmetic product aimed at reducing cellulite and the size of fat cells localised under the skin. The product was branded BodyShaper™ and was launched into the market in May 2011.

Financial returns from this product have been disappointing, with royalty revenue of only $7,124 in the 2013 financial year and $32,716 in 2012.

Phosphagenics advised Metabolic during the year that it was removing AOD9604 from the BodyShaper™ product in all countries except South Korea. The licensing arrangements with Phosphagenics are now under review.

Significant Changes in the State of Affairs

Except as otherwise set out in this report, the Directors are unaware of any significant changes in the state of affairs or principal activities of the Company that occurred during the period under review.

Financial Results and Position

The loss by the Group for the year ended 30 June 2013 after income tax benefit of $72,118 was $1,497,555 (2012: $2,702,726). This result has been achieved after fully expensing all research and development costs.

Revenue for the period totaled $278,445 (2012: $805,156), including interest revenue of $165,880 (2012: $325,971), grant revenue of $39,011 (2012: $218,029) and sales of materials of $53,886 (2012: $115,280). Calzada received actual cash inflows in the form of tax benefits of $789,255 (2012; $677,400), relating to the Group's 2012 Research and Development tax benefit. Calzada has also accrued $784,813 (2012;$nil) in respect to the Group's 2013 Research and Development tax benefit.

The Group has no borrowings and at year end had cash on hand and cash held in term deposits (classified as a financial asset in the Statement of Financial Position) of $3,943,667 (2012:$4,867,977).

Strategic Overview and Likely Developments

The focus of Calzada continues to shift towards PolyNovo as this business makes exciting progress in developing its NovoSorb™ technology platform. PolyNovo's focus over the next six to twelve months will be to prepare a 510(k) regulatory submission for marketing approval for TNP wound dressings and to seek distribution partners for this product. PolyNovo will also complete the current human trial of its NovoSorb™ dressings in full thickness wounds where indications of its performance to date have been excellent.

PolyNovo will commence a further trial in 3rd degree burn patients in the second half of calendar 2013. The Company is also in on-going discussions with the Biomedical Advanced Research & Development Authority (BARDA) in relation to a contract to undertake a US clinical trial for regulatory submission to the FDA for 3rd degree burns.

As outlined above, Calzada continues to look for opportunities to unlock value in Metabolic's asset AOD9604. Metabolic's focus in the June - December 2013 period will be to license or partner AOD9604 to human and veterinary pharmaceutical companies for the treatment and repair of obesity, bone, muscle and cartilage related disorders. At the expiry of that six month period and depending on the outcomes achieved, the Calzada Board and Management will review its ongoing commitment to the Metabolic business, including whether it may be separated as an entity in its own right.

Significant Events After the Balance Date

On 9 July 2013 PolyNovo entered into an agreement with a U.S. based Company, NovoPlastiq, to develop NovoSorb™ in the field of Aesthetic Facial Surgery. Under the agreement PolyNovo will manufacture and supply finished products while NovoPlastiq is responsible for the regulatory approvals, marketing and distribution.

On 17 July 2013 PolyNovo announced it had entered into a six month feasibility agreement with a US based device Company. Upon successful completion of this study and the satisfaction of other conditions the parties may negotiate a licence and supply agreement.

The Company on 26 July 2013 announced the treatment of the tenth and final patient in the Biodegradable Temporising Matrix (BTM) pilot human clinical trial. Results for this trial are expected in October 2013.

Calzada announced a Share Purchase Plan (SPP) would be offered to existing investors to raise around $2m at $0.065 per share. On 23 July 2013 Calzada closed the SPP, raising $2.6m, resulting in the issuing of a further 40.2m shares in the Company.

The Directors are not aware of any other matters or circumstances since the end of the financial year other than those described above, not otherwise dealt with in this report which have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Indemnification and Insurance of Directors and Officers

During the period under review, the Company indemnified its Directors, Company Secretary and Executive Officers in respect of any acts or omissions giving rise to a liability to another person (other than the Company or a related party) unless the liability arose out of conduct involving a lack of good faith. In addition, the Company indemnified the Directors and the Company Secretary against any liability incurred by them in their capacity as Directors or Company Secretary in successfully defending civil or criminal proceedings in relation to the Company. No monetary restriction was placed on this indemnity.

The Company has insured its Directors, Company Secretary and Executive Officers for the period under review. Under the Company's Directors' and Officers' Liability Insurance Policy, the Company shall not release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

Inherent Risks of Investment in Biotechnology Companies

There are many inherent risks associated with the development of pharmaceutical and medical products to a marketable stage. The clinical trial process is designed to assess the safety and efficacy of a drug or medical device prior to commercialisation and a significant proportion of drugs and medical devices fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Companies such as Calzada are dependent on the success of their research projects and on the ability to attract funding to support these activities. Investment in research and development projects cannot be assessed on the same fundamentals as trading and manufacturing enterprises. Further, access to capital and funding for the Company and its projects going forward cannot be guaranteed. Thus investment in Companies specialising in these, such as Calzada, must be regarded as highly speculative. Calzada strongly recommends that professional investment advice be sought prior to such investments.

Forward-looking statements

Certain statements in this Annual Report contain forward-looking statements regarding the Company's business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing the Company's goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of discovering, developing and commercialising drugs and medical devices that can be proven to be safe and effective for use in humans, and in the endeavor of building a business around such products and services. Calzada undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Actual results could differ materially from those discussed in this Annual Report. As a result you are cautioned not to rely on forward-looking statements.

Environmental Regulation

Calzada is not subject to significant environmental regulations.

Board Monitoring

The Board monitors the Company's overall performance, from the implementation of its strategic plan through to the performance of the Group against operating plans and financial budgets. For further details regarding Calzada's Board and Committees refer to the Corporate Governance Statement in this Directors' Report.

Board and Committee Meetings

The number of meetings of the Board of Directors, Board Committees and Director attendance at those meetings during the year under review was:

	Full Board		Audit Committee		Remuneration Committee[1]	
Directors	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**	**Meetings eligible to attend**
Total number of meetings held	8		3		-	
Mr David Franklyn	8	8	3	3	–	–
Mr Bruce Rathie	8	8	3	3	–	–
Dr John Chiplin[2]	3	4	–	–	–	–
Dr David McQuillan[3]	7	7	–	–	–	–

[1]Calzada does not have an established Remuneration Committee due to the small size of the business and the Board. The Board acts as the Remuneration Committee and addresses such issues during the year as they arise.
[2]Dr Chiplin resigned as a Director on 14 November 2012.
[3]Dr McQuillan was appointed a Director on 6 August 2012.

Directors' Shareholdings and Declared Interests

At 30 June 2013, the Directors of Calzada collectively hold 1,899,280 shares in the Company.

The Company closed its Share Purchase Plan on 19 July 2013. Both Mr Franklyn and Mr Rathie took up their full SPP entitlements and were each issued a further 230,770 Calzada shares.

As at the date of this report the interests of the Directors in the Company's shares are:

Name	Shares held directly	Shares held indirectly
Directors:		
Mr David Franklyn	–	1,130,050
Mr Bruce Rathie	–	1,230,770
Dr John Chiplin	–	–
Dr David McQuillan	–	–
Total:	–	**2,360,820**

At the Company annual general meeting held on 14 November 2012, shareholders approved the issue of 1,500,000 options to Directors. Accordingly, on 20 November 2012, 500,000 options were issued to each of Mr David Franklyn, Mr Bruce Rathie and Dr David McQuillan. These options have a 3 year expiry and 100% vested immediately. The exercise price of these options is $0.11.

As at 30 June 2013 and as at the date of this report, no Director has an interest in any contract or proposed contract with Calzada other than as disclosed below or in the Group's 2013 Annual Report. Further details of the equity interests of Directors can be found in the Remuneration Report in this Directors' Report and Note 23 (C) of the Annual Financial Report.

The Directors received the following declaration from the auditor of Calzada Limited.

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Calzada Limited

In relation to our audit of the financial report of Calzada Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Don Brumley
Partner
28 August 2013

Non-Audit Services

During the period under review the amount received, or due and receivable for non-audit services provided by the Group's auditor, Ernst & Young, were:

Preparation of tax returns	$19,050
Accounting and tax advice relating to deferred tax assets and deferred tax liabilities	$3,280
Preparation and lodgment of Research and Development tax benefit application	$22,000

The Directors are satisfied that the provision of non-audit services during the current period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Calzada is responsible for the corporate governance of the Group and guides and monitors the business on behalf of its shareholders. The Board has strived to reach a balance between industry best practice and appropriate policies for Calzada in terms of its size, stage of development and role in the biotechnology industry. Calzada performed a review of its Board policies and governance practices with reference to the eight Principles of Good Corporate Governance and the Best Practice Recommendations (Recommendations) established by the ASX Corporate Governance Council. The Recommendations are not mandatory and cannot, in themselves, prevent corporate failure or poor corporate decision-making. They are intended to provide a reference point for companies about their corporate governance structures and practices.

The Directors have considered each of the core Principles and Recommendations during the period under review. There are instances where the Company would not benefit from compliance with the Recommendations, and in some instances the Company has not had the resources to comply. The Recommendations that were not adopted are discussed in this Corporate Governance Statement.

Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION 1.1

The role of the Board is to represent the interests of shareholders, by providing the Group with good governance and strategic direction. Calzada has adopted a Board Charter setting out the matters reserved to them, including their function and responsibilities. The Board Charter is available at www.calzada.com.au in the Corporate Governance section.

Calzada delegates authority to Senior Management for the day-to-day running of the business as per agreed delegations.

Currently Calzada has 1.75 full time employees. Calzada's 100% owned subsidiary PolyNovo employs an additional 4 full time staff. Senior Management of PolyNovo and Metabolic Pharmaceuticals Pty Ltd report directly to the Calzada board via the Chairman.

RECOMMENDATION 1.2

Calzada conducts a formal review of the Senior Executives within the Group on an annual basis. The Remuneration Committee has been performed by the full Board from 1 May 2011 due to a reduction in the size of the Board. The Charter of the Remuneration Committee includes the evaluation of the performance of Senior Management and Executives in consultation with the Board. The Board has assumed all the functions as outlined in the Remuneration Committee charter.

Principle 2: Structure the Board to add value

RECOMMENDATION 2.1

The Board has adopted the Council's recommended criteria for assessing Director independence. To be assessed as independent, a Director must fulfill a number of criteria as outlined in the ASX Corporate Governance Principles. As at the date of this report all Directors are considered independent.

The Company provides the Board with access to independent professional advice at the Company's expense, unless the Board determines otherwise.

Mr Franklyn has no commercial agreements with Calzada and is not a substantial holder of shares in the Company. As such Mr Franklyn is considered independent. Mr Rathie has no commercial agreements with Calzada and is not a substantial holder of shares in the Company. As such Mr Rathie is considered independent. Dr Chiplin has no commercial agreements with Calzada and is not a substantial holder of shares in the Company. As such Dr Chiplin is considered independent. Dr McQuillan has no commercial agreements with Calzada and is not a substantial holder of shares in the Company. As such Dr McQuillan is considered independent.

As at the date of this Directors' Report, the Board of Calzada is comprised of four Directors, with a combination of commercial acumen and experience in the biotechnology industry. The relevant qualifications and details of each Director are documented in this Directors' Report under the section titled Board of Directors and Senior Management.

The independence and tenure of each Director in office as at the date of this Directors' Report is described in the table below:

Director	Position	Independence	Area of expertise
David Franklyn (appointed in April 2009)	Chairman, Non-executive Director	Independent	Managing Director of Entrust Funds Management with extensive experience in company valuation and analysis, corporate finance and investor relations.
Bruce Rathie (appointed in February 2010)	Non-executive Director	Independent	Extensive experience across a wide range of industries including biotech, legal, financial, investment, strategy and commercial expertise and is an experienced Non-Executive Director.
Dr David McQuillan (appointed in August 2012)	Non-executive Director	Independent	Extensive experience across a wide range of biotechnology companies in the USA.

Calzada has agreed to indemnify its Directors against certain liabilities and to maintain Directors and Officers insurance coverage.

Role of the Chair

RECOMMENDATION 2.2

The Chairman is considered to be independent. The Chairman is Non Executive at the date of this report.

RECOMMENDATION 2.3

The role of the Chairman and Chief Executive Officer are not performed by the same person as at the date of this report.

Nomination Committee

RECOMMENDATION 2.4

The Board performed the role of the nomination committee due to the small size of the company. Any new Director is considered by the full board to ensure the best qualified person is appointed regardless of gender.

Evaluation of the Board

RECOMMENDATION 2.5

The Board is responsible for reviewing its own performance. A review of the performance of the Board is conducted by the Chairperson and Directors on an ongoing basis and also through an annual self assessment process. All Directors have access to continuing education and are provided with the information they need to discharge their responsibilities effectively. The Company Secretary plays an integral role in supporting the Board by monitoring Board policy and procedures, and coordinating meeting documentation.

Principle 3: Promote ethical and responsible decision-making

RECOMMENDATION 3.1

Calzada distributes its code of conduct to all employees and Directors. The Code of Conduct documents the practices necessary to maintain confidence in the Company's integrity and these practices are in line with the Council's guidelines on good corporate governance.

The Code of Conduct Policy covers the following:

- compliance with the law;
- acting honestly and with integrity;
- to not place themselves in situations which result in a conflict of interest;
- use the Company's assets responsibly and in the best interests of the Company; and
- to be responsible and accountable for their actions.

RECOMMENDATION 3.2

The Board has established a Gender Diversity Policy. Calzada's Gender Diversity Policy is publicly available at www.calzada.com.au.

RECOMMENDATION 3.3

In adopting a Gender Diversity Policy the following objectives were considered:

- establishing a committee to oversee diversity;
- improve the proportion of women within executive management where appropriate; and
- mentoring and development programs, including all employed women in networking initiatives in the industry and field where applicable.

RECOMMENDATION 3.4

The Group has 5 full time employees and 1 part time employee. PolyNovo employs 4 full time employees while Calzada employs 1 full time employee and 1 part time employee. There are no women in senior executive positions. As at the date of this report the Board of Calzada does not contain a female member. Calzada is an Equal Opportunity Employer and actively encourages diversity in the workplace.

Principle 4: Safeguard integrity in financial reporting
Calzada's Audit Committee

RECOMMENDATION 4.1

The Board has established an Audit Committee which operates under a formal Charter approved by the Board. It is the Board's responsibility to ensure that an effective control framework exists within the entity. This includes ensuring that there are internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Group to the Audit Committee. The full Board is ultimately responsible for the Group's financial reporting.

The Audit Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the Annual Financial Report and Half Year Report, and is responsible for the nomination of the external auditor and reviewing the scope and quality of the annual statutory audit and half-year statutory review.

RECOMMENDATION 4.2 - 4.4

Listed company's audit committees are recommended to have:

- at least three Directors in their Audit Committee;
- audit committee comprising of only Non-Executive Directors;
- the majority of members are to be independent; and
- the committee should be chaired by a Director other than the chairperson of the Board.

Whilst one of the four criteria recommended for the composition of Audit Committees has not been met, Calzada does not believe it was disadvantaged given that the members possess the relevant financial skills and experience to perform the responsibilities of the Committee.

Current membership of Calzada's Audit Committee addresses the criteria provided in Recommendation 4.2 as follows – the committee comprises two Directors, all of whom are Non-Executive Directors and all are considered independent. The Chair of the Audit Committee is independent.

The current members of the Audit Committee are:

- Mr Bruce Rathie – Chairman
- Mr David Franklyn

The members of the Audit Committee are financially literate and have substantial public company experience. Details of the qualifications of Audit Committee members are included in this Directors' Report in the Board of Directors and Senior Management section. The partner of the Company's external auditor is invited to attend Audit Committee meetings as required. For details of the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Board and Committee Meetings section in this Directors' Report.

There is a formal charter for the Audit Committee which is available at www.calzada.com.au.

Principle 5: Make timely and balanced disclosure

Calzada's Market Disclosure Protocol reflects the recommendations by the Council regarding continuous disclosure. The Company ensures that there is an appropriate balance in its disclosure of information by using a Board approach where possible to formulate its announcements. Calzada's announcements are made in a timely manner, are factual, do not omit material information and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Company provides commentary in relation to its Annual Financial Report and provides a full review of operations for the reporting period in its Annual Report as required by the ASX Listing Rules. All ASX announcements are available at asx.com.au.

Principle 6: Respect the rights of shareholders
Shareholder Communications

RECOMMENDATION 6.1

Calzada communicates regularly with its shareholders, using ASX announcements, Company newsletters, the Annual Report, the Annual General Meeting and the Company's website. Access to ASX announcements is available to shareholders by using links available on the Company's website.

Policies and procedures regarding the governance of the Company are available at www.calzada.com.au in the Corporate Governance section.

The Company has encouraged shareholders to elect to receive communications electronically. This serves the best interests of shareholders by facilitating the delivery of shareholder communications by electronic means, thus reducing costs and protecting the environment. Shareholders are encouraged to ask questions or provide feedback to the Company by email, phone or fax as well as at the Company Annual General Meeting. Contact details of senior executives are provided on ASX announcements and newsletters.

There is a formal Communications Policy which is available at www.calzada.com.au in the Corporate Governance Section.

Principle 7: Recognise and manage risk
Calzada has implemented a formal risk management system

RECOMMENDATION 7.1 - 7.2

Biotechnology is an inherently risky industry. Calzada has a formal risk management policy and a risk register. This approach to risk management involves identifying, assessing and managing the risks that affect the business, whilst at the same time considering these risks in the context of the Group's values, objectives and strategies.

Risks are analysed and where possible reduced, but it is not always possible to completely mitigate all the risks faced by a biotechnology company.

As Calzada has a relatively small Board, the sought after efficiencies will not be derived from a formal risk committee structure. Ultimate responsibility for risk oversight and risk management has been delegated to senior management, with the full Board overseeing the procedure.

Calzada's policy for risk management is available at www.calzada.com.au in the Corporate Governance Section.

The Chief Financial Officer has given a declaration to the Board regarding the Company's Annual Financial Report

RECOMMENDATION 7.3

The Chief Financial Officer has given a declaration to the Board concerning the Company's Annual Financial Report required under section 295A of the *Corporations Act 2001*.

Principle 8: Encourage enhanced performance
Calzada's Remuneration Committee

RECOMMENDATION 8.1

The Company does not have an established Remuneration Committee due to the small size of the business and the Board (3). Should the Board increase in size then the re-establishment of a Remuneration Committee will be considered.

The Board is responsible for determining, recommending and reviewing compensation arrangements for the Directors themselves, the Chairman and Senior Executives consistent with ASX Principle 8.

A summary of the remuneration policy for Directors and Senior Executives is set out in the Remuneration Report which forms part of the Directors Report. The Remuneration Report includes details of the remuneration of Directors and key management executives of the Company and the Group.

Calzada's policies are available on the internet

The following policies and statements can be downloaded from the Corporate Governance section of the Company's website www.calzada.com.au:

- Annual Corporate Governance Statement
- Audit Committee Charter
- Board Charter
- Code of Conduct
- Communications Policy
- Market Disclosure Protocol
- Performance Evaluation Process for Directors and Executives
- Gender Diversity Policy
- Risk Management Policy
- Share Trading Policy

Remuneration Report (Audited)

This report outlines compensation arrangements in place for the Key Management Personnel of Calzada, and explains how these arrangements are linked to Company performance.

Key Management Personnel

The Key Management Personnel of Calzada are Directors and Senior Managers of the Group. The following persons had the authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, during the financial year:

NON-EXECUTIVE DIRECTORS

- Mr David Franklyn –*Non-Executive Chairman (appointed 16th April 2009).*
- Mr Bruce Rathie – *Non-Executive Director (appointed 18th February 2010).*
- Dr John Chiplin – *Non-Executive Director (appointed 18th October 2010) resigned 14th November 2012.*
- Dr David McQuillan – *Non-Executive Director (appointed 6th August 2012).*

SENIOR MANAGERS

- Mr David Kenley – *Chief Executive Officer of Metabolic Pharmaceuticals Pty Ltd (appointed 18th February 2010)*.
- Mr Laurent Fossaert – *Chief Executive Officer PolyNovo Biomaterials Pty Ltd (appointed permanent CEO of PolyNovo on 18th February 2010)*.
- Mr Chris Mews – *Chief Financial Officer/Company Secretary.*

Calzada's compensation policy for Key Management Personnel is designed to provide competitive and appropriate rewards that are transparent and fully aligned to shareholder interests. In accordance with corporate governance best practice, the Company has structured its compensation policy for Non-Executive Directors distinctly from its policy for Senior Managers.

Compensation Policy – Non-Executive Directors

The Board determines the compensation of Non-Executive Directors based on market practice, director duties and accountability. The Company's compensation policy is designed to attract and retain competent and suitably qualified Non-Executive Directors, and the structure of their compensation endeavours to ensure that Directors' interests are aligned with the interests of shareholders. Non-Executive Directors are paid a set fee plus statutory superannuation where appropriate and are reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties. Non-Executive Directors are encouraged to own shares in Calzada. At the Annual General Meeting held on 14 November 2012 Shareholders approved the issue of 500,000 options to each Director in office, resulting in the issue of 1,500,000 Director options.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is approved by shareholders. Total Non-Executive Directors' fees including superannuation paid during the 30 June 2013 year amounted to $186,939 excluding equity plans. This excludes fees paid to KMP's related parties. The fees paid to Calzada's Non-Executive Directors are considered within the average range for similar sized companies in the biotechnology industry, and these amounts are reviewed periodically. The Board has a fee pool for Directors of $300,000. Mr Franklyn was Non-Executive Chairman for the full 2013 financial year. During the year, Calzada held 8 Board meetings and 3 Audit Committee meetings.

Compensation – Senior Managers (including Executive Directors)

Calzada's compensation policy for Senior Managers is set by the Board and is designed to link performance and retention strategies to ensure:

- the balance between fixed and variable (performance) components for each position is appropriate in light of internal and external factors;
- the set individual objectives will result in sustainable beneficial outcomes;
- that all performance compensation components are appropriately linked to measurable personal, business unit or Company performance; and
- that total compensation (that is, the sum of fixed and variable components) for each Senior Manager is fair, reasonable and market competitive.

Generally, there are three components of Senior Management compensation provided, as follows:

1. fixed annual compensation comprising salary and benefits, superannuation and non-monetary benefits;
2. short-term performance incentive, through cash bonuses; and
3. medium and long-term incentive, through participation in the Calzada Employee Share Option Plan ("the Plan").

The proportion of total compensation that is subject to performance conditions, provided through short-term and long-term incentives vary in accordance with the following guidelines:

	Cash Bonus (Short-Term Incentive)	Performance Rights (Medium and Long-Term Incentive)
Chief Executive Officer	25%	30%
Senior Management	25%	20%
All other employees	15%	10%

A market review of the fees paid to all Directors and Senior Management was conducted in reference to market available data. It was concluded that remuneration was set within market rates.

Fixed Annual Compensation

Senior Managers are offered a market competitive base salary which reflects their competencies, job description as well as the size of the Group. Base salary was reviewed against market data for comparable positions. Adjustments to base salary are made based on significant role responsibility changes, pay relativities to market and relative performance in the role.

Short-Term Incentives (STIs)

Short-Term Incentives in the form of cash bonuses are reviewed annually based upon individual performance and achievement of objectives.

The individual objectives and key performance indicators are set by the Board in consultation with the Chairman. Individual performance hurdles and the achievement of corporate goals were assessed to determine the bonus payment. This assessment also takes into account how Senior Managers performed their role with regard to the Company's core values. The performance evaluation of the Chief Executive Officer of each business unit is conducted by the Board. Any STI payment is made at the completion of the financial year. All STIs achieved and entitled at 30 June 2013 have been included in the remuneration report under the relevant KMP or Director.

Medium and Long-Term Incentives

Calzada's medium and long-term incentive policy for Senior Management is focused on encouraging high-quality performance and long-term retention. Carefully designed and performance linked equity incentive plans are widely recognised as an effective way of providing incentives to Executives.

Calzada Employee Share Option Plan

During the financial year 2 employees received option allocations of 850,000 options under the Calzada Employee Share Option Plan ("ESOP"). All options on issue have an expiry date between 12 and 36 months from the grant date, generally with staggered vesting terms based on anniversary periods, subject to continuing service. These options were granted for zero consideration, and were granted at the discretion of the Board. These options cannot be transferred and will not be quoted on the ASX Limited. There are 12,985,000 options issued under the ESOP outstanding at 30 June 2013 (2012: 12,135,000).

Options issued to Directors

At the Company Annual General Meeting held on 14 November 2012, Shareholders approved the issue of 1,500,000 options to Directors, being 500,000 to each Director in office at the AGM. These options each had a 3 year expiry period and 100% vested immediately.

Details of Compensation for Key Management Personnel

For the year ended 30 June 2013, details of the compensation for Key Management Personnel are set out in the table below.

Table A		**Short-Term**				**Post Employment**	**Long-Term**	**Termination Benefits (including superannuation)**	**Share-based payments**	**Total**	**Short-Term and Long Term**
Directors		**Cash Salary & Fees**	**Cash bonus**	**Con-sulting Fees**	**Non-monetary benefits**	**Super-annuation**	**Long Service Leave**		**Options & Performance Rights**		**% performance related**
Mr David Franklyn (Chairman / Non-Executive Director)[1]	**2013**	**75,000**	**-**	**-**	**-**	**6,750**	**-**	**-**	**8,650**	**90,400**	**10%**
	2012	75,000	-	-	-	6,750	-	-	-	81,750	-
Mr Bruce Rathie (Non-Executive Director) [2]	**2013**	**45,000**	-	-	**-**	**4,050**	**-**	**-**	**8,650**	**57,700**	**15%**
	2012	45,000	-	-	-	4,050	-	-	-	49,050	-
Dr John Chiplin (Non-Executive Director)[3]	**2013**	**14,889**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,889**	**-**
	2012	40,000	-	-	-	-	-	-	-	40,000	-
Dr David McQuillan (Non-Executive Director)[8]	**2013**	**41,250**	**-**	**-**	**-**	**-**	**-**	**-**	**8,650**	**49,900**	**17%**
	2012	-	-	-	-	-	-	-	-	-	
Sub total compensation for Directors	**2013**	**176,139**	**-**	**-**	**-**	**10,800**	**-**	**-**	**25,950**	**212,889**	**12%**
	2012	160,000	-	-	-	10,800	-	-	-	170,800	-

		Short-Term				Post Employment	Long-Term	Termination Benefits (including superannuation)	Share-based payments	Total	Short-Term and Long Term
		Cash Salary & Fees	Cash bonus	Con-sulting Fees	Non-monetary benefits	Super-annuation	Long Service Leave		Options & Performance Rights		% performance related
Other Key Management Personnel											
Dr Stewart Washer (Chief Executive Officer)[4]	**2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2012	80,453	-	-	-	7,241	-	272,500	(13,067)	347,127	(4%)
Mr David Kenley (Chief Executive Officer – Metabolic Pharmaceuticals Pty Ltd)[5]	**2013**	**-**	**-**	**219,839**	**-**	**-**	**-**	**-**	**9,024**	**228,863**	**4%**
	2012	-	31,500	228,900	-	-	-	-	34,382	294,782	22%
Mr Laurent Fossaert (Chief Executive Officer – PolyNovo Biomaterials Pty Ltd)[6]	**2013**	**235,000**	**13,125**	**-**	**-**	**22,331**	**3,914**	**-**	**2,200**	**276,570**	**6%**
	2012	235,000	-	-	-	21,150	3,924	-	8,773	268,847	3%
Mr Chris Mews (CFO/Company Secretary)[7]	**2013**	**181,125**	**22,000**	**-**	**-**	**18,281**	**3,139**	**-**	**2,138**	**226,683**	**11%**
	2012	175,000	28,000	-	-	18,270	3,513	-	6,567	231,350	15%
Sub total compensation for Other Key Management Personnel	**2013**	**416,125**	**35,125**	**219,839**	**-**	**40,612**	**7,053**	**-**	**13,362**	**732,116**	**7%**
	2012	490,453	59,500	228,900	-	46,661	7,437	272,500	36,655	1,142,106	8%
Total compensation for all Key Management Personnel	**2013**	**592,264**	**35,125**	**219,839**	**-**	**51,412**	**7,053**	**-**	**39,312**	**945,005**	
	2012	650,453	59,500	228,900	-	57,461	7,437	272,500	36,655	1,312,906	

1 Mr David Franklyn was appointed Chairman and Non Executive Director on 16th April 2009.
2 Mr Bruce Rathie was appointed as Non Executive Director on 18th February 2010.
3 Dr John Chiplin was appointed as Non Executive Director on 18th October 2010 and resigned as a Director on 14 November 2012.
4 Dr Stewart Washer was appointed Chief Executive Officer of Calzada on 23rd November 2010 and ceased employment on 7th October 2011. He was paid $300,000 per annum plus superannuation of 9%. Dr Washer could earn up to an extra 25% of his base salary as a bonus each year if he achieved set KPIs.
5 Mr Kenley's services as CEO of Metabolic Pharmaceuticals Pty Ltd are contracted through a services agreement between Calzada and Lateral Innovations Pty Ltd.
6 Mr Laurent Fossaert was appointed permanent CEO of PolyNovo on 18th February 2010.
7 Mr Chris Mews was appointed as Company Secretary on 16th April 2009 and Chief Financial Officer on 1st September 2009.
8 Dr David McQuillan was appointed as Non Executive Director on 6th August 2012, therefore earned nil compensation during the 2012 financial year.

COMPENSATION BY CATEGORY: KEY MANAGEMENT PERSONNEL

	30 June 2013 $	30 June 2012 $
Short-Term	847,228	938,853
Post Employment - Superannuation	51,412	57,461
Long-Term	7,053	7,437
Termination Benefits	-	272,500
Share-based Payments	39,312	36,655
	945,005	1,312,906

Fair Value of Share-Based Compensation

(A) FAIR VALUE OF OPTIONS

The fair value of options included in compensation Table A were determined using a binomial approximation model. This model takes into account, as at grant date, the exercise price and expected life of the option, the vesting criteria, the current price of the underlying share and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the option. These options were issued pursuant to the Calzada Employee Share Option Plan and have an expiry date between 12 and 36 months from grant, generally with staggered vesting terms based on anniversary periods. The option-pricing model values each of these vesting portions separately. Accordingly the amortised share-based compensation disclosed in Table A includes the apportioned value of the options during the year. A breakdown of the fair value of each grant of option included in Key Management Personnel share-based compensation is set out in Table C.

Table A provides the following details:

a. the pricing model assumptions used in calculating the fair value of each option;
b. the fair value of each option included in the compensation of each of the Key Management Personnel for the year ended 30 June 2013; and
c. the date when options may be exercised, subject to conditions.

Table A 2013 Financial Year		**Options Granted on 23 November 2010**	**Options Granted on 23 November 2010**	**Options Granted on 15 December 2010**	**Options Granted on 15 December 2010**	**Options Granted on 29 April 2011**	**Options Granted on 29 April 2011**	**Options Granted on 29 April 2011**	**Options Granted on 20 November 2012**	**TOTAL**
Exercise Price		$0.04	$0.06	$0.04	$0.06	$0.04	$0.06	$0.085	$0.11	
Risk-free interest rate		6.06%	6.06%	6.06%	6.06%	6.16%	6.16%	6.16%	2.70%	
Volatility		80%	80%	80%	80%	60%	60%	60%	90%	
Expiry Date:		23 Nov 2013	23 Nov 2013	1 Dec 2013	1 Dec 2013	1 Dec 2013	1 Dec 2013	1 Apr 2014	20 Nov 2015	
Dividend yield		-	-	-	-	-	-	-	-	
Average Fair Value per option (cents)		0.75	0.50	0.87	0.61	3.0	2.1	1.4	1.73	
NAME	Number and value of Options for the year ended 30 June 2013									
Mr David Franklyn	Number of options granted	-	-	-	-	-	-	-	500,000	500,000
	Value for year ended 30 June 2013	-	-	-	-	-	-	-	$8,650	$8,650
Mr Bruce Rathie	Number of options granted	-	-	-	-	-	-	-	500,000	500,000
	Value for year ended 30 June 2013	-	-	-	-	-	-	-	$8,650	$8,650
Dr David McQuillan	Number of options granted	-	-	-	-	-	-	-	500,000	500,000
	Value for year ended 30 June 2013	-	-	-	-	-	-	-	$8,650	$8,650
Mr David Kenley	Number of options granted	-	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2013	-	-	$420	$314	$4,885	$3,405	-	-	$9,024
Mr Laurent Fossaert	Number of options granted	-	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2013	-	-	$1,259	$941	-	-	-	-	$2,200
Mr Chris Mews	Number of options granted	-	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2013	-	-	-	-	-	-	$2,138	-	$2,138
VESTING PROPORTIONS		50% - 23.11.10	50% - 23.11.10	33% - 15.12.10	33% - 15.12.10	50% - 01.02.12	50% - 01.02.12	33% - 29.04.11	100% - 20.11.12	
		-	-	33% - 15.12.11	33% - 15.12.11	50% - 01.02.13	50% - 01.02.13	33% - 01.04.12		
		-	-	34% - 15.12.12	34% - 15.12.12	-	-	34% - 01.04.13		

Table B provides the following details:

a. the pricing model assumptions used in calculating the fair value of each option;
b. the fair value of each option included in the compensation of each of the Key Management Personnel for the year ended 30 June 2012; and
c. the date when options may be exercised, subject to conditions.

Table B 2012 Financial Year		**Options Granted on 23 November 2010**	**Options Granted on 23 November 2010**	**Options Granted on 15 December 2010**	**Options Granted on 15 December 2010**	**Options Granted on 29 April 2011**	**Options Granted on 29 April 2011**	**Options Granted on 29 April 2011**	**TOTAL**
Exercise Price		$0.04	$0.06	$0.04	$0.06	$0.04	$0.06	$0.085	
Risk-free interest rate		6.06%	6.06%	6.06%	6.06%	6.16%	6.16%	6.16%	
Volatility		80%	80%	80%	80%	60%	60%	60%	
Expiry Date:		23 Nov 2013	23 Nov 2013	1 Dec 2013	1 Dec 2013	1 Dec 2013	1 Dec 2013	1 April 2014	
Dividend yield		-	-	-	-	-	-	-	
Average Fair Value per option (cents)		0.75	0.50	0.87	0.61	3.0	2.1	1.4	
NAME	Number and value of Options for the year ended 30 June 2012								
Dr Stewart Washer [2]	Number of options granted	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2012	-	-	-	-	-	-	-	-
Mr David Kenley	Number of options granted	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2012	-	-	$1,663[1]	$1,181[1]	$19,755	$11,813	-	$34,382
Mr Laurent Fossaert	Number of options granted	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2012	-	-	$4,898	$3,875	-	-	-	$8,773
Mr Chris Mews	Number of options granted	-	-	-	-	-	-	-	-
	Value for year ended 30 June 2012	-	-	-	-	-	-	$6,567	$6,567
VESTING PROPORTIONS		50% - 23.11.10[2]	50% - 23.11.10[2]	33% - 15.12.10	33% - 15.12.10	50% - 01.02.12	50% - 01.02.12	33% - 29.04.11	
		-	-	33% - 15.12.11	33% - 15.12.11	50% - 01.02.13	50% - 01.02.13	33% - 01.04.12	
		-	-	34% - 15.12.12	34% - 15.12.12	-	-	34% - 01.04.13	

1. In respect of the December 2010 options granted to David Kenley, the remaining expense was recorded in 2012 as a result of his vesting conditions.
2. Upon Dr Stewart Washer's departure from the group 3,200,000 unvested options were forfeited. The remaining 3,200,000 of Dr Washer's options which had already vested were sold to Mr David Kenley, 1,422,222 options, Mr Chris Mews, 355,556 options, and the remaining 1,422,222 options to an independent third party. The sale was on commercial terms.

Options and Performance Rights granted as part of compensation

During the year ended 30 June 2013 2,350,000 options (2012:nil) were granted, no options were cancelled (2012; nil), and no options were forfeited (2012; 3,200,000).

Table C and D provides a breakdown of each share-based payment included in the compensation of Key Management Personnel for the year ended 30 June 2013 and 30 June 2012.

Table C 2013 Financial Year	**Grant date**	**Grant number**	**Average Fair Value per option at grant date**	**Fair Value of options granted during the year**	**Value of options forfeited/forfeited during the year**	**Value of options exercised during the year**	**Value of options yet to be expensed**	**Fair Value of options included in remuneration during the year**	**% compensation consisting of options during the year**
Mr David Franklyn									
• Options	20 November 2012	500,000	$0.0173	$8,650	-	-	-	$8,650	10%
Mr Bruce Rathie									
• Options	20 November 2012	500,000	$0.0173	$8,650	-	-	-	$8,650	15%
Dr David McQuillan									
• Options	20 November 2012	500,000	$0.0173	$8,650	-	-	-	$8,650	17%
Mr David Kenley									
• Options	15 December 2010	1,066,667	$0.0074	-	-	-	-	$734	-
• Options	29 April 2011	2,133,333	$0.0255	-	-	-	-	$8,290	4%
Mr Laurent Fossaert									
• Options	15 December 2010	3,200,000	$0.0074	-	-	-	-	$2,200	1%
Mr Chris Mews									
• Options	29 April 2011	1,000,000	$0.014	-	-	-	-	$2,138	1%
TOTAL		**8,900,000**		**$25,950**	**-**	**-**	**-**	**$39,312**	

Table D 2012 Financial Year	Grant date	Grant number	Average Fair Value per option at grant date	Fair Value of options granted during the year	Value of options forfeited/forfeited during the year	Value of options exercised during the year	Value of options yet to be expensed	Fair Value of options included in remuneration during the year	% compensation consisting of options during the year
Dr Stewart Washer									
• Options	23 November 2010	6,400,000	$0.0063	-	$20,160	-	-	($13,067)	(4%)
Mr David Kenley									
• Options	15 December 2010	1,066,667	$0.0074	-	-	-	$734	$2,814	1%
• Options	29 April 2011	2,133,333	$0.0255	-	-	-	$8,290	$31,568	11%
Mr Laurent Fossaert									
• Options	15 December 2010	3,200,000	$0.0074	-	-	-	$2,200	$8,773	3%
Mr Chris Mews									
• Options	29 April 2011	1,000,000	$0.014	-	-	-	$2,138	$6,567	3%
TOTAL		**13,800,000**		**-**	**$20,160**	**-**	**$13,362**	**$36,655**	

Options and Performance Rights granted and vested during the year ended 30 June 2013

Table E		Performance Rights		Options	
		Number of Performance Rights granted during the year	Number of Performance Rights vested during the year	Number of Options granted during the year	Number of Options vested during the year
Key Management Personnel					
Mr David Franklyn	2013	–	–	500,000	500,000
	2012	–	–	–	–
Mr Bruce Rathie	2013	–	–	500,000	500,000
	2012	–	–	–	–
Dr David McQuillan	2013	–	–	500,000	500,000
	2012	–	–	–	–
Dr Stewart Washer	2013	–	–	–	–
	2012	–	–	–	–
Mr David Kenley	2013	–	–	–	1,066,666
	2012	–	–	–	1,066,666
Mr Laurent Fossaert	2013	–	–	–	1,066,666
	2012	–	–	–	1,066,666
Mr Chris Mews	2013	–	–	–	333,333
	2012	–	–	–	333,333

Shares Issued to Key Management Personnel on exercise of compensation Options or Rights during the year ended 30 June 2013

No shares were issued to Key Management Personnel on exercise of compensation Options or Rights during the year ended 30 June 2013 (2012; Nil).

Group Performance

Calzada has designed its compensation policies to ensure significant linkage between rewards and specific achievements that are intended to improve shareholder wealth. In assessing the link between Group performance and compensation policy, it must be recognised that biotechnology companies generally do not make a profit until a drug or device is licensed or commercialised, either of which takes a number of years.

Furthermore, the biotechnology sector as a whole is highly volatile, significantly driven by market sentiment and inherently high risk. Therefore, the direct correlation of compensation policy and key financial performance measures such as Total Shareholder Return (TSR), Net Earnings Per Share or Company Earnings, in the view of the Board, are inappropriate. As an alternative, key milestones are a more meaningful measure of performance to correlate levels of compensation. These milestones are discrete achievements that can be used to evaluate Calzada's progress towards commercialising its various projects.

Calzada's annual expenditure is predominantly impacted by research and development expenses. The Group has not made a profit and therefore no dividends have been declared, nor has there been a return of capital. The Group's performance is based on its key milestones, such as progress towards clinical trials, securing funding and licensing deals. Such milestones have been directly linked to the performance conditions set within the short-term incentives that form a significant proportion of Senior Management compensation. The Board continues to review the Group's compensation policy to ensure competitive and appropriate rewards that endeavor to result in greater shareholder wealth.

Board Performance

Evaluating Board performance is an important element of the Board's monitoring role, especially with regard to the long-term growth of the Company and shareholder wealth. The Board conducts an ongoing self-evaluation process to determine whether the Board and its Committees are functioning effectively.

Service Contracts

CHIEF EXECUTIVE OFFICER – POLYNOVO BIOMATERIALS

Mr Laurent Fossaert was appointed Chief Executive Officer of PolyNovo on 18th February 2010.

Current employment terms are as follows:

- Salary of $235,000 per annum;
- Superannuation of 9%;
- Termination payment of one year's salary;
- 25% of base salary as a bonus each year if he achieved set KPIs; and
- 3,200,000 Options in total, details of these options are set out in table C.

CHIEF EXECUTIVE OFFICER – METABOLIC PHARMACEUTICALS

Mr David Kenley was appointed Chief Executive Officer of Metabolic on 18th February 2010.

Terms of his contract are as follows:

- Salary of $219,839 per annum;
- Superannuation is included in salary;
- Notice period of 6 months;
- 25% of base salary as a bonus each year if he achieved set KPIs; and
- 3,200,000 Options in total, details of these options are set out in table C.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr Chris Mews was appointed Company Secretary on 16th April 2009 and CFO on 1st September 2009, his current employment terms are as follows:

- Compensation set at $181,125 per year;
- Superannuation of 9%;
- Termination requires six months written notice;
- Up to 25% performance based cash bonuses; and
- 1,000,000 Options in total, details of these are set out in table C.

Details of the qualifications and experience of the Company Secretary/Chief Financial Officer are set out in the Board of Directors section in this Directors' Report.

CHIEF EXECUTIVE OFFICER

Dr Stewart Washer was appointed Chief Executive Officer of Calzada on 23rd November 2010 and ceased employment on 7th October 2011.

Terms of his contract were as follows:

- Salary of $300,000 per annum;
- Superannuation of 9%;
- Termination payment of one year's salary;
- 25% of base salary as a bonus each year if he achieved set KPIs; and
- 6,400,000 Options in total, details of these options are set out in the Remuneration Report. 3,200,000 of these options were forfeited upon Dr Washer's departure from the Company.

Other Information

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Calzada or to any of the other Key Management Personnel, including their personally related entities.

This Directors' Report, incorporating the Corporate Governance Statement and Remuneration Report, has been signed in accordance with a Resolution of the Directors made on 28th August 2013.

D Franklyn

Mr David Franklyn

Chairman

28th August 2013

DIRECTOR'S DECLARATION

CALZADA LIMITED

(A.C.N. 083 866 862)

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

In accordance with a resolution of the Directors of Calzada Limited, I state that:

1. In the opinion of the Directors:

   (a) The financial report and the Remuneration Report included in the Directors' report, of the Company and of the Group are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company and the Group's financial position as at 30 June 2013 and of their performance for the year ended on that date;

      (ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.

   (b) There are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2013.

On behalf of the Board,

Mr David Franklyn, Chairman

28th August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 June 2013 $	30 June 2012 $
Finance revenue	4(A)	165,880	325,971
Government grant income	4(B)	39,011	218,029
Licence revenue		-	93,639
Sale of materials		53,886	115,280
Other Income		12,544	19,521
Royalty revenue		7,124	32,716
Total revenue		278,445	805,156
Other income			
Research and development tax benefit	4(G)	1,574,068	677,400
Operating leases	4(E)	(311,819)	(327,793)
Employee related expenses	4(C)	(1,135,607)	(1,543,631)
Research and development expenses		(847,473)	(1,299,926)
Depreciation and amortisation expense	4(D)	(216,835)	(228,015)
Corporate administrative and overhead expenses	4(F)	(910,452)	(913,164)
Loss on disposal of fixed asset		-	(843)
Net loss before income tax		(1,569,673)	(2,830,816)
Income tax benefit	5	72,118	128,090
Net loss for the period		(1,497,555)	(2,702,726)
Other comprehensive income that may be reclassified subsequently to profit and loss			
Net fair value gains/(loss) on available for sale assets	10	60,000	10,000
Total comprehensive income/(loss) for the period		(1,437,555)	(2,692,726)
Loss for the period is attributable to:			
Non controlling interest	16	(5,132)	(3,251)
Owners of the parent		(1,492,423)	(2,699,475)
		(1,497,555)	(2,702,726)
Total comprehensive income/(loss) for the period is attributable to:			
Non controlling interest	16	(5,132)	(3,251)
Owners of the parent		(1,432,423)	(2,689,475)
		(1,437,555)	(2,692,726)
Basic loss per share (cents per share)	6	(0.43) cents	(0.78) cents
Diluted loss per share (cents per share)	6	(0.43) cents	(0.78) cents

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30 June 2013 $	30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents	7	2,783,667	3,007,977
Receivables	8	831,467	66,726
Other financial asset	22	1,160,000	1,860,000
Total current assets		4,775,134	4,934,703
NON-CURRENT ASSETS			
Available-for-sale financial assets	10	86,250	26,250
Plant and equipment	11	1,088,567	1,291,957
Intangible assets	24	2,519,788	2,519,788
Other assets	9	148,949	136,404
Total non-current assets		3,843,554	3,974,399
Total assets		8,618,688	8,909,102
CURRENT LIABILITIES			
Trade and other payables	13	448,247	518,979
Provisions	14(A)	67,243	56,236
Total Current Liabilities		515,490	575,215
NON-CURRENT LIABILITIES			
Provisions	14(B)	57,740	52,701
Deferred tax liability	5	-	72,118
Deferred rent liability		227,578	220,451
Total non-current liabilities		285,318	345,270
Total liabilities		800,808	920,485
Net assets		7,817,880	7,988,617
EQUITY			
Contributed equity	15(A)	91,581,364	90,358,605
Reserves	15(B)	1,269,591	1,165,532
Retained earnings/(Accumulated losses)	15(C)	(84,988,376)	(83,495,953)
Parent interests		**7,862,579**	**8,028,184**
Non controlling interest	16	**(44,699)**	**(39,567)**
Total equity		7,817,880	7,988,617

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	Gains/ (Losses) on available-for-sale financial assets	Other reserves	Acquisition of non controlling interest Reserve	Deferred tax on available -for-sale assets	Retained earnings	Owners of the parent	Non controlling interest	Total
	$	$	$	$	$	$		$	$
As at 30 June 2011	**90,358,605**	**17,500**	**1,574,764**	**(477,596)**	**-**	**(80,796,478)**	**10,676,795**	**(36,316)**	**10,640,479**
- Loss for the period	-	-	-	-	-	(2,699,475)	(2,699,475)	(3,251)	**(2,702,726)**
- Other comprehensive income	-	10,000	-	-	-	-	10,000	**-**	**10,000**
- Total comprehensive income for the period	-	10,000	-	-	-	(2,699,475)	(2,689,475)	(3,251)	**(2,692,726)**
- Share based payments	-	-	40,864	-	-	-	40,864	**-**	**40,864**
As at 30 June 2012	**90,358,605**	**27,500**	**1,615,628**	**(477,596)**	**-**	**(83,495,953)**	**8,028,184**	**(39,567)**	**7,988,617**
- Loss for the period	-	-	-	-	-	(1,492,423)	(1,492,423)	(5,132)	**(1,497,555)**
- Other comprehensive income	-	60,000	-	-	-	-	60,000	**-**	**60,000**
- Total comprehensive income for the period	-	60,000	-	-	-	(1,492,423)	(1,432,423)	(5,132)	**(1,437,555)**
- Share based payments	-	-	44,059	-	-	-	44,059	**-**	**44,059**
- Net proceeds from issue of shares	1,222,759	-	-	-	-	-	1,222,759	**-**	**1,222,759**
As at 30 June 2013	**91,581,364**	**87,500**	**1,659,687**	**(477,596)**	**-**	**(84,988,376)**	**7,862,579**	**(44,699)**	**7,817,880**

The accompanying notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	30 June 2013 $	30 June 2012 $
Payments to suppliers and employees		(3,232,857)	(3,736,742)
Receipt of government grants		50,723	42,253
Income from sale of materials		56,375	119,360
Receipts from research and development tax benefit		789,255	677,400
Receipts from licence revenue		-	184,143
Receipts from royalty revenue		10,586	47,702
Net cash outflows from operating activities	7	(2,325,918)	(2,665,884)
Interest received		178,638	371,237
Payments for plant and equipment		(13,830)	(57,618)
Proceeds on sale of fixed assets		-	4,000
Term deposits now classified as cash and cash equivalents		700,000	1,900,000
Net cash inflows/(outflows) from investing activities		864,808	2,217,619
Issue of shares (net of costs)		1,236,800	-
Cash flows from financing activities		1,236,800	-
Net increase/(decrease) in cash and cash equivalents		(224,310)	(448,265)
Cash and cash equivalents at beginning of period		3,007,977	3,456,242
Cash and cash equivalents at end of period	7	2,783,667	3,007,977

The accompanying notes form part of these financial statements

1. Corporate Information

The financial report of Calzada Limited (the Company) and its controlled entities (the Group) for the year ended 30th June 2013 was authorised for issue in accordance with a resolution of the Directors on 28th August 2013.

Calzada Limited, a for profit entity, is a company limited by shares incorporated in Australia whose shares are publicly traded on ASX Limited (ASX code: CZD).

The Company operates predominantly in one industry and one geographical segment, those being the pharmaceutical and healthcare industry and Australia respectively. Relevant financial information is presented in the Statement of Financial Position and Statement of Comprehensive Income.

2. Summary of Significant Accounting Policies

(A) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars.

The financial statements of the Group have been prepared on a going concern basis. The Group's operations are subject to major risks due primarily to the nature of research, development and commercialisation to be undertaken. These risks may materially impact the financial performance and position of the Group, including the value of recorded assets and the future value of the shares, options and performance rights issued. The going concern basis assumes that future capital raisings will be available to enable the Company to undertake the research, development and commercialisation of its projects and that the subsequent commercialisation of the developed products will be successful. The financial statements take no account of the consequences, if any, of the inability of the Company to obtain adequate funding nor of the effects of unsuccessful research, development and commercialisation of the Group's projects.

(B) STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2013. These are outlined in the table following.

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2013.

					Application date for Group*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: -The change attributable to changes in credit risk are presented in other comprehensive income (OCI) -The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2015

					Application date for Group*
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013

					Application date for Group*
AASB 119	Employee Benefits	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items addressed by this standard are relevant to Calzada: IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	The Directors are in the process of considering the impact of this amendment however it is not expected to result in a material change to the manner in which the Groups financial result is determined.	1 July 2013

** Designates the beginning of the applicable reporting period unless otherwise stated.*

(C) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Calzada Limited and its subsidiaries as at 30 June 2013 (the Group).

The subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and ceases to be consolidated from the date on which control is transferred out of the Group.

The investment's in the subsidiaries held by Calzada Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

Acquisitions of subsidiaries prior to 30 June 2009 were accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

The non controlling interest not held by the Group is allocated their share of net loss after tax in the Statement of Comprehensive Income (profit and loss) and is presented within equity in the consolidated Statement of Financial Position, separately from parent shareholders' equity.

(D) BUSINESS COMBINATION

For business combinations entered into prior to 30 June 2009, the purchase method of accounting was used to account for all business combinations regardless of whether equity instruments or other assets acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity. All other transaction costs are expensed.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Statement of Comprehensive Income (profit and loss), but only after a reassessment of the identification and measurement of the net assets acquired.

(E) INTANGIBLE ASSETS

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. The intangible assets carried by the Group, being Intellectual Property assets, are infinite lived and are subject to annual impairment testing (see note 2(F) for methodology). Following initial recognition, intangible assets are carried at cost less any impairment losses.

Internally generated intangible assets are not capitalised and expenditure is recognised in the Statement of Comprehensive Income (profit or loss) in the year in which the expenditure is incurred.

(F) IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

(G) SHARE-BASED PAYMENTS

Share-based payment transactions

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There was one plan in place that provided these benefits for the period:

(i) The Calzada Employee Share Option Plan.

Information relating to the Company's share-based payment plans is set out in note 12 and the Remuneration Report section of the Directors' Report.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options granted under the Calzada Employee Share Option Plan is determined by using a binomial model.

The fair value of options is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes conditionally entitled to the option. At each reporting date, the number of options that are expected to vest is revisited. The employee benefit expense recognised each period takes into account the most recent estimate of the number of options that are expected to vest.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

(H) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	3 to 10 years
Laboratory plant and equipment	3 to 13.33 years
Leasehold improvements	12 years

(I) PLANT AND EQUIPMENT IMPAIRMENT

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to fair value.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income (profit and loss).

Derecognition and disposal

Plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income (profit and loss) in the period the item is derecognised.

(J) RESEARCH AND DEVELOPMENT COSTS

Research and patent costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available-for-use or sale. No development expenditure has been capitalised.

(K) INVESTMENTS

Available-for-sale investment

After initial recognition, investments which are classified as available-for-sale are measured at fair value. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on balance date. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in Other Comprehensive Income (Equity) is included in the Statement of Comprehensive Income (profit and loss). Once impaired, in subsequent periods, any further decrease in the investment is recorded in the Statement of Comprehensive Income (profit and loss). Any increase in the fair value of the investment is recorded in Other Comprehensive Income (Equity).

(L) IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

If there is objective evidence that an available-for-sale investment is impaired, such as a decline in the market value that is significant or prolonged, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from Other Comprehensive Income (Equity) to the Statement of Comprehensive Income (profit and loss).

(M) CASH AND CASH EQUIVALENTS

Cash at bank and short-term deposits mature in three months or less and are stated at nominal value.

(N) EMPLOYEE LEAVE BENEFITS

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date and pro-rata long service leave for employees with over seven years of service, are recognised in current liabilities provisions in respect of employees' services up to the reporting date. Wages, salaries, annual leave and long service leave are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for pro-rata long service leave for employees with less than seven years of service are recognised in non-current liabilities provisions and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(O) OPERATING LEASES

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(P) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

For interest revenue, the specific recognition criteria must be met before revenue is recognised is the control of the right to receive the interest payment.

Interest receivable, being interest accrued, and GST recoverable are recorded at amortised cost and due to the short-term nature of these receivables they equate to face value.

Sales of materials are recognised when they are shipped to suppliers.

(Q) GOVERNMENT GRANTS

Government grants are recognised at their fair value when the grant is received and all attaching conditions have been complied with.

Research and Development tax benefit revenue is recognised when there is reasonable assurance of receipt.

(R) TRADE AND OTHER PAYABLES

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are normally settled on 30-day terms. Due to the short-term nature of these payables they equate to fair value.

(S) INCOME TAX

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. It is considered probable that taxable profits will be available, if a deferred tax asset can be offset against a deferred tax liability relating to the same tax authority.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income taxes relating to items recognised directly in equity are recognised in Other Comprehensive Income (Equity) and not in the Statement of Comprehensive Income (profit and loss).

(T) SIGNIFICANT ACCOUNTING, ESTIMATES AND ASSUMPTIONS

DEFERRED TAX LIABILITY

The deferred tax liability (DTL) arising from the carrying value of PolyNovo intangible assets is offset by deferred tax assets (DTA's) recognised for unused tax losses where the continuity of ownership test would be passed and for temporary differences. Significant management judgement is required to determine the amount of the DTA which can be used to offset the impact of the DTL. Further details on taxes are disclosed in note 5.

SHARE BASED PAYMENTS

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

IMPAIRMENT OF INTANGIBLES

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the intangible asset has been determined by assigning a value to each current project in the pipeline using a probability adjusted net present value method. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further explained in Note 24.

(U) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST (if any) included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis (i.e. including GST) and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed exclusive of the amount of GST recoverable from, or payable to, the taxation authority.

(V) EARNINGS PER SHARE (EPS)

Basic EPS is calculated as net profit/(loss) attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit/(loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

As the Group incurred a loss for the period under review and in the prior year comparison, potential ordinary shares, being options and performance rights to acquire ordinary shares, are considered non-dilutive and therefore not included in the diluted earnings per share calculation.

(W) CONTRIBUTED EQUITY

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(X) FOREIGN CURRENCY TRANSLATION

Foreign currency items are translated to Australian currency on the following basis:

- Transactions are converted at exchange rates approximating those in effect at the date of the transaction; and
- Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

Exchange differences relating to monetary items are included in the Statement of Comprehensive Income (profit and loss).

(Y) COMPARATIVES

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(Z) SECURITY DEPOSITS

Security deposits are recorded at amortised cost in the Statement of Financial Position.

(AA) HELD-TO-MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the Statement of Comprehensive Income (profit or loss) when the investments are derecognised or impaired, as well as through the amortisation process.

3. Segment Information

The chief operating decision maker is the Chairman.

(A) DESCRIPTION OF SEGMENTS

For management purposes reportable segments are as follows:

Corporate – the corporate entity of the Group is responsible for all corporate expenses aside from the rent on the laboratory and premises located in Port Melbourne, which is the responsibility of PolyNovo.

PolyNovo Biomaterials Pty Ltd – PolyNovo owns and develops a suite of state of the art biodegradable polymers that have potential applications across numerous medical fields.

Metabolic Pharmaceuticals Pty Ltd – Metabolic's major asset is the AOD9604 peptide which has potential applications in the treatment of obesity and osteoporosis.

The Chairman monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation. Segment performance is evaluated based on progressing technology within each business segment in accordance with budgeted expenditure, consistent with the presentation of the segment information below.

(B) GEOGRAPHICAL AREAS

The Group operates in only one geographical area.

2013	**Corporate $**	**PolyNovo Biomaterials Pty Ltd $**	**Metabolic Pharmaceuticals Pty Ltd[1] $**	**Intersegment Eliminations $**	**Consolidated Group $**
Sales of materials	-	53,886	-	-	53,886
Other revenues from externals	-	-	7,124	-	7,124
Government grant revenue	-	36,260	2,751	-	39,011
Interest revenue	162,886	2,994	-	-	165,880
Other revenue	-	12,544	-	-	12,544
Research and development tax benefit	-	909,134	664,934	-	1,574,068
Total segment revenue	**162,886**	**1,014,818**	**674,809**	**-**	**1,852,513**
Depreciation	(3,769)	(213,066)	-	-	(216,835)
Operating leases	-	(311,819)	-	-	(311,819)
Employee related expenses	(515,940)	(619,667)	-	-	(1,135,607)
Research and development	-	(326,706)	(520,767)	-	(847,473)
Finance and administration	(519,983)	(325,558)	(64,911)	-	(910,452)
Income tax (expense)/benefit	-	72,118	-	-	72,118
Net loss for the period	**(876,806)**	**(709,880)**	**89,131**	**-**	**(1,497,555)**
Segment Assets	**14,051,712**	**4,348,059**	**322,839**	**(10,103,922)**	**8,618,688**
Segment Liabilities	**303,545**	**3,623,197**	**1,224,532**	**(4,350,466)**	**800,808**

[1]All transactions for Metabolic are incurred by Corporate. For the purposes of this disclosure we have separated all revenues and expenses that apply to the operations of Metabolic.

2012	Corporate $	PolyNovo Biomaterials Pty Ltd $	Metabolic Pharmaceuticals Pty Ltd[1] $	Intersegment Eliminations $	Consolidated Group $
Sales of materials	-	115,280	-	-	115,280
Other revenues from externals	-	93,639	32,716	-	126,355
Government grant revenue	-	218,029	-	-	218,029
Interest revenue	317,325	8,646	-	-	325,971
Other revenue	-	19,521	-	-	19,521
Research and development tax benefit	-	474,850	202,550	-	677,400
Total segment revenue	**317,325**	**929,965**	**235,266**	**-**	**1,482,556**
Depreciation	(5,821)	(222,194)	-	-	(228,015)
Operating leases	-	(327,793)	-	-	(327,793)
Employee related expenses	(956,013)	(586,791)	(827)	-	(1,543,631)
Research and development	-	(665,231)	(634,695)	-	(1,299,926)
Finance and administration	(482,057)	(390,691)	(40,416)	-	(913,164)
Loss on disposal of fixed asset	(843)	-	-	-	(843)
Income tax (expense)/benefit	-	128,090	-	-	128,090
Net loss for the period	**(1,127,409)**	**(1,134,645)**	**(440,672)**	**-**	**(2,702,726)**
Segment Assets	**13,319,370**	**4,140,646**	**2,499**	**(8,553,413)**	**8,909,102**
Segment Liabilities	**366,071**	**2,628,068**	**648,477**	**(2,722,131)**	**920,485**

[1]All transactions for Metabolic are incurred by Corporate. For the purposes of this disclosure we have separated all revenues and expenses that apply to the operations of Metabolic.

4. Revenues and Expenses

	30 June 2013 $	30 June 2012 $
(A) REVENUE		
Finance revenue	165,880	325,971
Details of finance revenue:		
Term deposit interest	159,099	285,096
Bank account interest	6,781	40,875
	165,880	325,971
(B) GOVERNMENT GRANT INCOME		
Government grants	39,011	218,029

NOVOSKIN GRANT

Revenue

No Grant revenue was recorded during the 2013 period in respect to the NovoSkin project.

NovoSkin recognised $167,928 in the Statement of Comprehensive Income (profit and loss) during the 2012 period by fulfilling required conditions of the agreement.

Financial liability

During 2012 conditions of the grant agreement enabled Bio Innovation South Australia to convert grant monies into equity in NovoSkin by an agreed date, dependant on the approval of the South Australian Government. No instruction had been received from Bio Innovation South Australia by the required date. As such an amount of $167,928 previously recognised as a financial liability at 30 June 2011 was recognised at 30 June 2012 as grant revenue.

GOVERNMENT GRANT INCOME

Export Market Development Grant revenue of $35,963 (2012; $38,953) was received from the Federal Government during the period.

Grant monies of $3,048 (2012; $11,148) was received in 2013 from the Victorian State Government. There were no unfulfilled conditions or contingencies attaching to this grant.

The Group did not benefit directly from any other forms of Government assistance in 2013 and 2012.

LICENCE REVENUE

During the prior period the Group's one year licence extension with a major US based medical device Company expired and was not renewed. No Licence Revenue in respect to this agreement was recognised in the Statement of Comprehensive Income for the period (2012; $93,639).

(C) EMPLOYEE RELATED EXPENSES

	30 June 2013 $	30 June 2012 $
Wages and salaries	(819,077)	(959,009)
Severance payments (including superannuation)	-	(272,500)
Superannuation	(81,408)	(88,807)
Share-based payment (expense)/credit (See Note 12)	(44,059)	(40,864)
Directors' fees	(176,139)	(160,000)
Long service leave provision	(5,039)	(14,624)
Annual leave provision	(9,885)	(7,827)
	(1,135,607)	(1,543,631)

(D) DEPRECIATION AND AMORTISATION EXPENSE

Depreciation – office equipment	(20,279)	(28,887)
Depreciation – laboratory equipment	(85,951)	(89,943)
Depreciation – leasehold improvements	(110,605)	(109,185)
	(216,835)	(228,015)

(E) RENTAL EXPENSE RELATING TO OPERATING LEASES

Minimum lease payments – Laboratory & administration	(311,819)	(327,793)
	(311,819)	(327,793)

(F) OTHER ADMINISTRATIVE AND OVERHEAD EXPENSES

Insurances	(45,923)	(78,412)
Accounting and audit fees	(141,330)	(167,520)
Investor relations & share registry expenses	(106,304)	(93,582)
Legal fees	(74,625)	(53,382)
Consultants and contractors	(193,944)	(219,532)
Travel	(105,463)	(88,571)
Other	(242,863)	(212,165)
	(910,452)	(913,164)

(G) RESEARCH AND DEVELOPMENT TAX BENEFIT

In the year ending 30 June 2012, research and development tax benefit income was recorded in respect of research and development expenses incurred in the 2011 financial year. In the current year, research and development income has been recorded in respect of the 2012 and 2013 financial years. Research and development tax benefit income relating to the 2013 financial year of $784,813 has been recorded as a receivable in the statement of financial position. This represents monies to be received from the Australian Taxation Office.

5. Income Tax

(A) INCOME TAX BENEFIT / (INCOME TAX EXPENSE)

	30 June 2013 $	30 June 2012 $
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	72,118	128,090
Income tax benefit / (income tax expense)	72,118	128,090

Income Tax Recognised Directly In Equity

Deferred tax expense	-	-
Available for sale asset	-	-

Reconciliation Of Income Tax Expense To Prima Facie Tax Payable

Net loss before income tax expense	1,569,673	(2,830,816)
Prima facie tax calculated at 30% (2012: 30%)	(470,902)	(849,245)
Tax effect of amounts which are not included in accounting loss:		
Research and development	523,209	540,000
Non-assessable rental deposit	(3,764)	(5,856)
Non-assessable grant income	(472,221)	(202,801)
Tax effect of amounts which are not deductible:		
Share based payments	13,218	12,259
Accounting loss on available for sale assets	-	-
Other	957	1,917
	(409,503)	(503,726)
Current year tax losses not brought to account	417,449	276,795
Current year temporary differences not brought to account	64,172	98,841
Income tax benefit / (income tax expense)	72,118	128,090

(B) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets	759,694	692,100
Deferred tax liabilities	(759,694)	(764,218)
Net deferred tax assets /(liabilities)	-	(72,118)

DEFERRED TAX BALANCES REFLECTS TEMPORARY DIFFERENCES ATTRIBUTABLE TO:

Amounts recognised in Profit and Loss		
Recognised tax losses	615,639	515,681
Recognised on temporary differences	144,054	176,419
Interest receivable	(3,757)	(8,282)
Amount recognised due to acquisition of PolyNovo	(755,936)	(755,936)
Net deferred tax assets /(liabilities)	-	(72,118)

Movement in temporary differences during the year:

Balance as of 1 July	(72,118)	(200,208)
Credit to profit and Loss	72,118	128,090
Charged to equity	-	-
Net deferred tax assets /(liabilities) as 30 June	-	(72,118)

(C) DEFERRED TAX ASSETS NOT BROUGHT TO ACCOUNT

	30 June 2013 $	30 June 2012 $
Unrecognised, unconfirmed tax losses for which no deferred tax asset has been recognised	80,334,455	76,544,121
Deductible temporary differences - no deferred tax asset has been recognised	213,904	329,470
	80,548,359	76,873,591
Potential tax benefit at 30%	24,164,508	23,062,077

The availability of the tax losses held by the Group in future periods is uncertain and will be dependent on the Group satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation. The recoupment of available tax losses as at 30 June 2013 is contingent upon the following:

(a) the Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
(b) the conditions for deductibility imposed by tax legislation continuing to be complied with; and
(c) there being no changes in tax legislation which would adversely affect the Group from realising the benefit from the losses.

Given the Group's history of recent losses with the exceptions of that noted in (D) below, the Group has not recognised a deferred tax asset with regard to unused tax losses, as it has not been determined that the Group will generate sufficient taxable profit against which the unused tax losses can be utilised.

In the prior year consideration was given to Calazda's ability to satisfy the tax loss recoupment tests for losses incurred in 2003 and earlier income years. On re-assessment tax losses of approximately $26 million were forfeited.

(D) INCOME TAX BENEFIT

The income tax benefit arises due to the recording of deferred tax assets that are available in the current year to offset against deferred tax liabilities from temporary differences.

6. Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic EPS:

30 June 2013 (0.43) cents per share
30 June 2012 (0.78) cents per share

Diluted EPS:

30 June 2013 (0.43) cents per share
30 June 2012 (0.78) cents per share

	30 June 2013	30 June 2012
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Net loss used in calculating basic and diluted EPS attributable to equity holders of the parent entity	($1,492,423)	($2,699,475)
Weighted average number of ordinary shares on issue used in the calculation of basic EPS	347,475,270	346,632,277
Potential ordinary shares that are not dilutive and are excluded from the calculation of diluted EPS	1,502,715	1,507,614

There were no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Cash and Cash Equivalents

Reconciliation of cash at the end of the year

	30 June 2013 $	30 June 2012 $
Cash at bank and in hand [(i)]	1,483,667	507,977
Short-term deposits [(ii)]	1,300,000	2,500,000
	2,783,667	3,007,977

Notes:

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) Short-term deposits mature within 3 months and have interest rates at 4.05% (2012: short-term deposit mature within 3 months and have interest rates at 5.05%).

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprises Cash at Bank and investments in Short-term deposits as listed above. The Group has no borrowings.

RECONCILIATION OF NET LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30 June 2013 $	30 June 2012 $
Net Loss	(1,497,555)	(2,702,726)
Adjustments for non-cash items:		
Depreciation	216,835	228,015
Share-based payment expense	44,059	40,864
Interest	(165,880)	(325,971)
Loss on sale of fixed asset	-	(843)
Change in assets and liabilities during the financial year:		
(Increase)/decrease in prepayments	-	203,603
(Increase)/decrease in receivables	(784,029)	160,987
(Increase)/decrease in other assets	(12,545)	(60,992)
Increase/(decrease) in payables	(70,732)	63,060
Increase/(decrease) in provisions	16,047	22,451
Increase/(decrease) in unearned revenue/financial liability	-	(167,928)
Increase/(decrease) in deferred taxes	(72,118)	(128,090)
Net cash outflows from operating activities	(2,325,918)	(2,665,884)

8. Receivables (Current)

	30 June 2013 $	30 June 2012 $
R and D tax concession	784,813	-
Interest receivable	12,524	25,105
GST recoverable	20,756	17,788
Royalty revenue receivable	-	2,499
Sundry receivables	13,374	21,334
	831,467	66,726

9. Other Assets (Non-Current)

NON-CURRENT

	30 June 2013 $	30 June 2012 $
Security deposit	148,949	136,404

The non-current security deposit relates to PolyNovo's long term lease of premises in Port Melbourne.

10. Available-for-Sale Financial Asset – Investment in Shares

	30 June 2013 $	30 June 2012 $
Balance at beginning of year	26,250	16,250
Gain/(impairment) of available-for-sale financial asset - Neuren	60,000	10,000
Balance at end of year	86,250	26,250

The Company's available-for-sale financial asset's consists of fully paid ordinary shares held in Neuren Pharmaceuticals Limited ("Neuren") a company listed on the Australian Securities Exchange.

After initial recognition, the available-for-sale investments are recorded at fair value with movements in fair value recorded in equity until the investment is deemed impaired or otherwise sold or disposed of.

At 30 June 2008 the Company deemed the investment in Neuren impaired due to a significant and prolonged decline in the market price of Neuren's shares. Due to this objective evidence that the investment in Neuren was impaired, an amount comprising the difference between its cost and its current value was transferred from equity to the Statement of Comprehensive Income (profit and loss).

From 1 July 2012 to 30 June 2013 there was an increase of $60,000 in the fair value of the investment in Neuren which was recorded as Other Comprehensive Income (equity).

11. Plant and Equipment

	30 June 2013 $	30 June 2012 $
OFFICE EQUIPMENT		
(i) Cost		
Opening balance	175,171	169,154
Additions	2,361	10,496
Disposals and write-off of equipment	-	(4,479)
Closing balance	177,532	175,171
(ii) Accumulated Depreciation		
Opening balance	(98,643)	(69,756)
Depreciation for the year	(20,279)	(28,887)
Closing balance	(118,922)	(98,643)
Net book value – Office equipment	58,610	76,528
LABORATORY PLANT AND EQUIPMENT		
(i) Cost		
Opening balance	600,537	557,574
Additions	11,084	42,963
Closing balance	611,621	600,537

(ii) Accumulated Depreciation

Opening balance	(346,689)	(256,747)
Depreciation for the year	(85,951)	(89,942)
Closing balance	(432,640)	(346,689)
Net book value – Laboratory plant and equipment	178,981	253,848

LEASEHOLD IMPROVEMENTS

(i) Cost

Opening balance	1,327,257	1,327,257
Additions	-	-
Closing balance	1,327,257	1,327,257

(ii) Accumulated Depreciation

Opening balance	(365,676)	(256,490)
Depreciation for the year	(110,605)	(109,186)
Closing balance	(476,281)	(365,676)
Net book value – Leasehold improvements	850,976	961,581
Net book value – Plant and equipment	1,088,567	1,291,957

12. Share-Based Payments

(A) EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company provided benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). There were benefits provided during the period under the following plans:

(i) The Calzada Employee Share Option Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

The expense recognised in the Statement of Comprehensive Income (profit and loss) in relation to share-based payments is disclosed in Note 4(c).

No current employees have performance rights.

(ii) Employee Share Option Plan

In November 2008, shareholders approved the Employee Share Option Plan where the Company may, at the discretion of management, grant options over the ordinary shares of Calzada Limited to Directors, Executives and members of staff of the Company. The options, granted in the 2011 year, were granted in accordance with performance guidelines established by the Directors of Calzada Limited. The options were granted for varying terms ranging from 12 to 36 months and are exercisable on vesting dates between the date of grant and expiry date.

In November 2011 shareholders approved a revised Employee Share Option Plan.

The options granted to Dr Stewart Washer were not subject to any employment or hurdle conditions. All other options issued during the period are subject to continued employment with Calzada.

The fair value of the options granted under the Calzada Employee Share Option Plan are determined by using a binomial approximation model. This model takes into account, as at grant date, the exercise price and expected life of the option, the vesting criteria, the current price of the underlying share and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the option.

Options granted in the 2013 year were granted in accordance with performance guidelines established by the Directors of Calzada Limited. The options were granted for varying terms ranging from 12 to 36 months and are exercisable on vesting dates between the date of grant and expiry date. These options were issued pursuant to the Calzada Employee Share Option Plan. The option-pricing model values each of these vesting portions separately.

The assumptions used to obtain a fair value for options, which form part of current or prior year expense, are listed in the following table:

Date options granted

	23 Nov 2010	**15 Dec 2010**	**29 Apr 2011**	**29 Apr 2011**	**20 Nov 2012**	**12 Apr 2013**
Binomial Option Pricing Model Variables						
Exercise price	$0.04 $0.06	$0.04 $0.06	$0.04 $0.06	$0.085	$0.11	$0.11
Risk-free interest rate	6.06%	6.06%	6.16%	6.16%	2.70%	2.70%
Volatility	80%	80%	60%	60%	90%	90%
Expiry date	23/11/13	01/12/13	01/12/13	01/04/14	20/11/15	12/10/14
Dividend yield	-	-	-			
Average fair value per option	$0.0625	$0.0074	$0.0255	$0.0140	$0.0173	$0.0106

Option grants - No options were granted during the year ended 30 June 2012.

(A) INFORMATION WITH RESPECT TO THE NUMBER OF OPTIONS GRANTED UNDER THE CALZADA EMPLOYEE SHARE OPTION PLAN IS AS FOLLOWS:

(i) Employee Options over Ordinary Shares (No. of Options) at 30 June 2013.

Date of Issue		**23/11/10**[2]	**15/12/10**[1]	**29/04/11**	**29/04/11**	**20/11/12**[3]	**12/4/13**[4]	**Total**
On issue at beginning of the year		3,200,000	5,801,667	2,133,333	1,000,000	-	-	12,135,000
Issued during the year		-	-	-	-	1,500,000	850,000	2,350,000
Exercised during the year		-	-	-	-	-	-	-
Expired unexercised during the year		-	-	-	-	-	-	-
Forfeited/Forfeited during the period		-	-	-	-	-	-	-
On issue at balance date		3,200,000	5,801,667	2,133,333	1,000,000	1,500,000	850,000	14,485,000
Issued subsequent to balance date		-	-	-	-	-	-	-
Exercised subsequent to balance date		-	-	-	-	-	-	-
Forfeited/Forfeited subsequent to balance date		-	-	-	-	-	-	-
On issue at date of Directors' Report		3,200,000	5,801,667	2,133,333	1,000,000	1,500,000	850,000	14,485,000
Current number of recipients		3[2]	6	1	1	3	2	
Exercise price		$0.04 $0.06	$0.04 $0.06	$0.04 $0.06	$0.085 -	$0.11	$0.11	
Exercise period:	From	23/11/10	15/12/10	29/04/11	29/04/11	20/11/12	12/04/13	
	To	23/11/11	01/12/13	01/12/13	01/04/14	20/11/15	12/10/14	
Expiration date		23/11/13	01/12/13	01/12/13	01/04/14	20/11/15	12/10/14	
The following proportions vest from the dates shown:								
	50%	23/11/10		01/02/12		100% immediately	100% immediatel y	
	50%	23/11/11		01/02/13				
	33%		15/12/10		29/04/11			
	33%		01/12/11		01/04/12			
	34%		01/12/12		01/04/13			

[1]100% of options granted in December 2010 to Mr David Kenley vested on 15/12/2010.

[2]Upon Dr Stewart Washer's departure from the group 3,200,000 unvested options were forfeited. The remaining 3,200,000 of Dr Stewart Washer's options which had already vested were sold to Mr David Kenley (1,422,222 options), Mr Chris Mews (355,556 options), and the remaining 1,422,222 options to an independent third party. The sale was on commercial terms.

[3] All options issued vested immediately.

[4]All options issued vested immediately.

(ii) Employee Options over Ordinary Shares (No. of Options) at 30 June 2012.

Date of Issue			23/11/10[2]	15/12/10[1]	29/04/11	29/04/11	Total
On issue at beginning of the year			6,400,000	5,801,667	2,133,333	1,000,000	15,335,000
Issued during the year			-	-	-	-	-
Exercised during the year			-	-	-	-	-
Expired unexercised during the year			-	-	-	-	-
Forfeited/Forfeited during the period			(3,200,000)	-	-	-	(3,200,000)
On issue at balance date			3,200,000	5,801,667	2,133,333	1,000,000	12,135,000
Issued subsequent to balance date			-	-	-	-	-
Exercised subsequent to balance date			-	-	-	-	-
Forfeited/Forfeited subsequent to balance date			-	-	-	-	-
On issue at date of Directors' Report			3,200,000	5,801,667	2,133,333	1,000,000	12,135,000
Current number of recipients			3[2]	6	1	1	
Exercise price			$0.04	$0.04	$0.04	$0.085	
			$0.06	$0.06	$0.06	-	
Exercise period:	From		23/11/10	15/12/10	29/04/11	29/04/11	
	To		23/11/11	01/12/13	01/12/13	01/04/13	
Expiration date			23/11/13	01/12/13	01/12/13	01/04/14	
The following proportions vest from the dates shown:							
		50%	23/11/10		01/02/12		
		50%	23/11/11		01/02/13		
		33%		15/12/10		29/04/11	
		33%		01/12/11		01/04/12	
		34%		01/12/12		01/04/13	

[1]100% of options granted in December 2010 to Mr David Kenley vested on 15/12/2010.

[2]Upon Dr Stewart Washer's departure from the group 3,200,000 unvested options were forfeited. The remaining 3,200,000 of Dr Stewart Washer's options which had already vested were sold to Mr David Kenley (1,422,222 options), Mr Chris Mews (355,556 options), and the remaining 1,422,222 options to an independent third party. The sale was on commercial terms.

(B) INFORMATION RELATING TO OPTIONS EXERCISED BY EMPLOYEES DURING THE YEAR ENDED 30 JUNE 2013

There were no options exercised by employees of the Company during the year ended 30 June 2013 (2012:Nil).

(C) PERFORMANCE RIGHTS GRANTS – NO PERFORMANCE RIGHTS WERE GRANTED DURING THE YEAR ENDED 30 JUNE 2013 OR 30 JUNE 2012.

(i) There were no Employee Performance Rights over Ordinary Shares (No. of Performance Rights) as at 30 June 2013 (2012:Nil).

(D) EXPENSES/(BENEFIT) ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

	30 June 2013 $	30 June 2012 $
Options granted under Employee Share Option Plan	44,059	40,864
	44,059	40,864

13. Trade and Other Payables (Current)

	30 June 2013 $	30 June 2012 $
Trade Creditors and Payables (i)	263,540	415,692
Other Payables	184,707	103,287
Total Trade and Other Payables	448,247	518,979

Note:

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

14. Provisions (Current & Non-Current)

	30 June 2013 $	30 June 2012 $
(A) CURRENT PROVISIONS – ANNUAL LEAVE		
Annual leave at beginning of year	56,236	48,408
Increase/(Decrease) in provision during the year	11,007	7,828
Annual leave at end of year	67,243	56,236
Total Current Provisions	67,243	56,236
(B) NON-CURRENT PROVISIONS – LONG SERVICE LEAVE		
Long service leave at beginning of year	52,701	38,078
Accrued long service leave	12,222	14,623
Provision no longer required	(7,183)	-
Long service leave at end of year	57,740	52,701
Total Non-Current Provisions	57,740	52,701

15. Contributed Equity and Reserves

(A) MOVEMENT IN CONTRIBUTED EQUITY

	30 June 2013 $	30 June 2012 $
Contributed equity at beginning of year	90,358,605	90,358,605
Shares issued during the year	1,250,000	-
Costs of share issue	(27,241)	-
Contributed equity at end of year	91,581,364	90,358,605
	Number of Shares	
On issue at start of year	346,632,277	346,632,277
Shares issued during the year (i)	19,230,770	-
On issue at end of year	365,863,047	346,632,277

Terms and conditions of contributed equity

Ordinary Shares attract the right to receive notice of and attend and vote at all general meetings of the Company, to receive dividends as declared and, in the event of winding up the Company, to participate equally in the distribution of the assets (both capital and surplus), subject to any amounts unpaid on shares. Each Ordinary Share entitles the holder to one vote, either in person or by proxy, at a meeting of the Company.

(i) Securities issued or granted during the year ended 30 June 2013

Ordinary Fully Paid Shares:

- 19,230,770 shares were issued during the period ended 30 June 2013 to Sophisticated Investors.

Performance Rights and Options Granted:

- No performance rights were granted during the period ended 30 June 2013.
- 2,350,000 options were granted during the period ended 30 June 2013.

(ii) Securities issued or granted during the year ended 30 June 2012

Ordinary Fully Paid Shares:

- No shares were granted during the period ended 30 June 2012.

Performance Rights and Options Granted:

- No performance rights were granted during the period ended 30 June 2012.
- No options were granted during the period ended 30 June 2012.

(B) RESERVES

	30 June 2013 $	30 June 2012 $
Share based payments reserve (i)	1,659,687	1,615,628
Gains/(losses) on available-for-sale financial assets (ii)	87,500	27,500
Acquisition of non controlling interest reserve (iii)	(477,596)	(477,596)
Balance at end of period	1,269,591	1,165,532

(i) Share Based Payments Reserve

	30 June 2013 $	30 June 2012 $
Balance at beginning of period	1,615,628	1,574,764
Share-based payments movement	44,059	40,864
Balance at end of period	1,659,687	1,615,628

This reserve represents the nominal consideration paid for subscriber or employee options and the fair value of options and performance rights.

(ii) Gains/(Losses) on Available-for-sale Financial Assets Reserve	30 June 2013 $	30 June 2012 $
Opening balance	27,500	17,500
Unrealised gain/(loss) on available-for-sale financial assets	60,000	10,000
Balance at end of period	87,500	27,500

Refer note 10 for details of the purpose of this reserve account.

(iii) Acquisition of Non Controlling Interest Reserve	30 June 2013 $	30 June 2012 $
Opening balance	(477,596)	(477,596)
Acquisition of non controlling interest	-	-
Balance at end of year (i)	(477,596)	(477,596)

(i) This reserve represents the premium paid by Calzada Limited for the non-controlling interest in PolyNovo Biomaterials Pty Ltd.

	30 June 2013 $	30 June 2012 $
(C) ACCUMULATED LOSSES		
Accumulated losses at beginning of year	(83,495,953)	(80,796,478)
Net loss attributable to members of the parent	(1,492,423)	(2,699,475)
Accumulated losses at end of financial year	(84,988,376)	(83,495,953)

16. Non Controlling Interests

	30 June 2013 $	30 June 2012 $
Opening balance	(39,567)	(36,316)
Current year share of accumulated losses	(5,132)	(3,251)
Balance at end of year	(44,699)	(39,567)

In 2010 the Group together with Skin Pty Ltd formed two joint venture companies, NovoSkin Pty Ltd and NovoWound Pty Ltd, holding an 80% share in each with the remaining 20% interest held by Skin Pty Ltd, a company associated with renowned burns surgeon Associate Professor John Greenwood.

NovoSkin and NovoWound are developing a Biodegradable Temporising Matrix ("BTM") product aimed at the treatment of full thickness burns.

17. Commitments and Contingencies

OPERATING LEASE COMMITMENTS – COMPANY AS LESSEE

The Group has entered into commercial office and laboratory leases. These leases have an initial term of 12 years with a further 5 year option after that time. Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 June 2013 $	30 June 2012 $
Not later than one year	244,142	234,752
Later than one year, but not later than five years	1,078,211	1,036,741
Later than five years	579,271	864,883
	1,901,624	2,136,376

CONTINGENCIES

The Directors were not aware of any other contingent liabilities or contingent assets at 30 June 2013. There has been no change since that date.

18. Related Party Disclosures

Similar to that disclosed in the Key Management Personnel disclosures section of the financial statements (Note 23) and the Remuneration Report section of the Directors' Report, there were the following transactions with related parties during the year.

Lateral Innovations Pty Ltd, an entity associated with Mr David Kenley received payments in the amount of \$219,839 (2012;\$228,900). These payments were in respect to consulting services to Metabolic Pharmaceuticals Pty Ltd, PolyNovo Biomaterials Pty Ltd and Calzada Limited.

Other than as noted above, there were no further transactions with related parties during the period under review.

19. Events after the Balance Sheet Date

On 9 July 2013 PolyNovo entered into an agreement with a U.S. based Company, NovoPlastiq, to develop NovoSorb™ in the field of Aesthetic Facial Surgery. Under the agreement PolyNovo will manufacture and supply finished products while NovoPlastiq is responsible for the regulatory approvals, marketing and distribution.

On 17 July 2013 PolyNovo announced it had entered into a six month feasibility agreement with a US based device Company. Upon successful completion of this study and the satisfaction of other conditions the parties may negotiate a licence and supply agreement.

The Company on 26 July 2013 announced the treatment of the tenth and final patient in the Biodegradable Temporising Matrix (BTM) pilot human clinical trial. Results for this trial are expected in October 2013.

Calzada announced a Share Purchase Plan (SPP) would be offered to existing investors to raise around $2m at $0.065 per share. On 19 July 2013 Calzada closed the SPP, raising $2.6m, resulting in the issuing of a further 40.2m shares in the Company.

The Directors are not aware of any other matters or circumstances since the end of the financial year other than those described above, not otherwise dealt with in this report which have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

20. Auditor's Remuneration

The auditor of Calzada Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young for:

	30 June 2013 $	30 June 2012 $
An audit or review of the financial reports of the entity:		
- Half-year and full-year audits	97,000	95,000
Other services in relation to the entity:		
- Preparation of tax returns	19,050	17,570
- Accounting and tax advice in respect to Deferred Tax Assets and Deferred Tax Liabilities and remuneration report	3,280	6,420
- Preparation and lodgement of Research and Development tax benefit application, AusIndustry review and overseas applications	22,000	43,650
Total for entity auditors	141,330	162,640

The Directors are satisfied that the provision of non-audit services during the current period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

21. Parent Entity Information

	30 June 2013 $	30 June 2012 $
Information relating to Calzada Ltd:		
Current assets	3,855,163	4,730,213
Total assets	13,709,616	13,319,370
Current liabilities	294,896	361,428
Total liabilities	303,545	366,071
Issued capital	91,581,605	90,358,605
Retained earnings	(79,922,490)	(79,048,434)
Total reserves	1,747,187	1,643,128
Total shareholders' equity	13,406,071	12,953,299
Profit/(loss) of the parent entity	(874,056)	(919,099)
Total comprehensive income/(loss) of the parent entity	(814,056)	(909,099)
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries	-	-

Details of any contingent liabilities of the parent entity – refer note 17

Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	-	-

22. Financial Risk Management Objectives and Policies

(A) FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, financial liability, other financial asset and available for sale financial assets.

	30 June 2013 $	30 June 2012 $
Cash and cash equivalents	2,783,667	3,007,977
Trade and other receivables	831,467	66,726
Other financial asset (classified as held to maturity)[1]	1,160,000	1,860,000
Trade and other payables	448,247	518,979

[1] At 30 June 2013 and 30 June 2012, the carrying value of these held-to-maturity assets approximated fair value.

(B) AVAILABLE-FOR-SALE FINANCIAL ASSETS – INVESTMENT IN SHARES

	30 June 2013 $	30 June 2012 $
Available-for-sale financial asset	86,250	26,250

The Group's available-for-sale financial asset at 30 June 2013 consists of 1,250,000 fully paid ordinary shares held in Neuren Pharmaceuticals Limited ('Neuren'), a company listed on the Australian Securities Exchange (ASX Code: NEU).

(C) RISK MANAGEMENT POLICY

The Group has a formal risk management policy and a risk management system. This approach to risk management involves identifying, assessing and managing the risks that affect the business, whilst at the same time considering these risks in the context of the Group's values, objectives and strategies. The Board is responsible for overseeing the implementation of the risk management system, and reviews and assesses the effectiveness of the Group's implementation of that system.

The Group seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

(D) SIGNIFICANT ACCOUNTING POLICIES

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables represents their fair values determined in accordance with the accounting policies disclosed in Note 2.

The carrying amount of the available-for-sale investments are determined as the market price of the shares at the close of business on balance date. The accounting policy relating to available-for-sale investments is disclosed in Note 2.

The accounting policy relating to the other financial asset is disclosed in Note 2. This represents amounts held in term deposits that mature greater than 3 months.

Interest revenue on cash and cash equivalents and foreign exchange movements on trade and other receivables and other payables are disclosed in Note 4.

(E) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Company's Constitution and any relevant regulatory requirements. The capital structure of the Group consists of equity attributed to equity holders of the Group comprising contributed equity, reserves and accumulated losses as disclosed in note 15. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management, the Board monitors the need to raise additional equity from the equity markets.

(F) FINANCIAL RISK MANAGEMENT

The main financial risks the Group is exposed to through its operations are:

- Interest rate risk
- Credit risk
- Liquidity risk
- Other price risk

Interest Rate Risk

Interest rate risk is where the value of a financial instrument may fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risks via the cash and cash equivalents that it holds. To date all cash and cash equivalents have been held by the National Australia Bank. The objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow. To manage interest rate risk, the Group locks a portion of the Group's cash and cash equivalents into term deposits. The maturity of term deposits is determined based on the Group cash flow forecast. Interest rate risk is considered when placing funds on term deposit. The Group considers the reduced interest rate received by retaining cash and cash equivalents in the Group's operating account compared to placing funds on term deposit. This consideration also takes into account the costs associated with early withdrawal of a term deposit should access to cash and cash equivalents be required.

The Group's exposure to interest rate risk and the weighted average interest rates on the Group's financial assets and financial liabilities is as follows:

2013	**Weighted Average Effective Interest Rate**	**Floating Interest Rate $**	**Fixed interest rate 0 – 90 days $**	**Fixed Interest Rate 91-365 days $**	**Fixed Interest Rate 1 to 5 years $**	**Fixed Interest Rate Over 5 Years $**	**Non-Interest Bearing $**	**Total $**
Financial assets:								
Cash and cash equivalents	4.05%	1,483,667	1,300,000	-	-	-	-	**2,783,667**
Other financial assets	4.00%	-	-	1,160,000	-	-	-	**1,160,000**
Receivables	-	-	-	-	-	-	831,467	**831,467**
Total financial assets:		**1,483,667**	**1,300,000**	**1,160,000**	**-**	**-**	**831,467**	**4,775,134**
Financial liabilities:								
Trade and other Payables	-	-	-	-	-	-	448,247	**448,247**
Total financial liabilities:		**-**	**-**	**-**	**-**	**-**	**448,247**	**448,247**

2012	Weighted Average Effective Interest Rate	Floating Interest Rate $	Fixed interest rate 0 – 90 days $	Fixed Interest Rate 91-365 days $	Fixed Interest Rate 1 to 5 years $	Fixed Interest Rate Over 5 Years $	Non-Interest Bearing $	Total $
Financial assets:								
Cash and cash equivalents	5.05%	507,977	2,500,000	-	-	-	-	**3,007,977**
Other financial assets	5.03%	-	-	1,860,000	-	-	-	**1,860,000**
Receivables	-	-	-	-	-	-	66,726	**66,726**
Total financial assets:		**507,977**	**2,500,000**	**1,860,000**	**-**	**-**	**66,726**	**4,934,703**
Financial liabilities:								
Trade and other Payables	-	-	-	-	-	-	518,979	**518,979**
Total financial liabilities:							**518,979**	**518,979**

There has been no change to the Group's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2013.

The analysis below details the impact on the Group's loss after tax if the interest rate associated with cash and cash equivalents and deposits included in other financial assets was to fluctuate by the margins below, assuming all other variables had remained constant:

	Higher/(Lower) 2013	**(Higher)/Lower 2012**
+ 1% (100 basis points)	39,437	43,600
- 1% (100 basis points)	(39,437)	(43,600)

Credit risk

Credit risk is where a counterparty may default on its contractual obligations resulting in a financial loss to the Group.

The Group is exposed to credit risk via its cash and cash equivalents and receivables. To reduce risk exposure for the Group's cash and cash equivalents, they are placed with the Group's main bankers, the National Australia Bank (S&P Rating AA/A-1+, Moody's rating Aa1/P-1). A change to the Group's bankers requires Board approval.

In recent years the Group has had minimal trade and other receivables, with the majority of its cash receipts being provided via shareholder investment. The Group's receivables at 30 June 2013 largely relate to accrued interest, license revenue receivable and the research and development tax benefit. At 30 June 2013, $784,813 relates to the R and D tax benefit in respect to the 2013 financial year.

There are no significant concentrations of credit risk within the Group.

The analysis of trade and other receivables is as follows.

2013	**0-30 days $**	**30-60 days $**	**60-90 days $**	**90+ day $**	**Total $**
Trade and other receivables	30,239	12,630	3,783	784,815	**831,467**

2012	**0-30 days $**	**30-60 days $**	**60-90 days $**	**90+ day $**	**Total $**
Trade and other receivables	52,097	-	8,002	6,627	**66,726**

Liquidity risk

Liquidity risk is where the Group may encounter difficulty in raising funds to meet its financial liabilities.

The Group is exposed to liquidity risk via its trade and other payables. Responsibility for liquidity risk rests with the Board who regularly review liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Group's management at board meetings to ensure that the Group continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board is satisfied that there is sufficient cash flow to fund the additional commitment. The Board determines when reviewing the undiscounted cash flow forecasts whether the Group needs to raise additional working capital from its existing shareholders, the equity capital markets or any other available sources.

Analysis of trade and other payables, performed on a contractual basis, is as follows.

2013	**0-30 days $**	**30-60 days $**	**60-90 days $**	**90+ day $**	**Total $**
Trade and other payables	219,422	153,825	-	75,000	**448,247**

2012	**0-30 days $**	**30-60 days $**	**60-90 days $**	**90+ day $**	**Total $**
Trade and other payables	472,002	17,980	462	28,535	**518,979**

Other price risk – Available-for-sale financial asset

The Group's available-for-sale financial asset at 30 June 2013 consists of 1,250,000 fully paid ordinary shares held in Neuren Pharmaceuticals Limited ('Neuren'), a company listed on the Australian Securities Exchange (ASX Code: NEU), and therefore subject to price risk associated with fluctuations in the market price.

The Board has determined that there is no effective instrument available to efficiently manage its exposure to price fluctuations of an equity investment such as these that are by their nature inherently speculative. Accordingly it regularly monitors its investment in these assets by following the material disclosed by Neuren to the ASX.

After initial recognition, the available-for-sale investments are recorded at fair value with movements in fair value recorded in equity until the investment is deemed impaired or otherwise sold or disposed of.

At 30 June 2008 the Company deemed the investment in Neuren impaired due to a significant and prolonged decline in the market price of Neuren's shares. Due to this objective evidence that the investment in Neuren was impaired, an amount comprising the difference between its cost and its current value was transferred from equity to the Statement of Comprehensive Income (profit and loss).

From 1 July 2011 to 30 June 2012 there was an increase of $10,000 in the fair value of the investment in Neuren which was recorded as Other Comprehensive Income (Equity).

From 1 July 2012 to 30 June 2013 there was an increase of $60,000 in the fair value of the investment in Neuren which was recorded as Other Comprehensive Income (Equity).

The analysis below indicates the impact on the Group's loss after tax and equity had the market price of the investment in Neuren fluctuated by the margins below:

	Higher/(Lower) 2013 $	**Higher/(Lower) 2012 $**
Equity:		
Share Price + 20%	17,250	5,250
Share Price – 20%	(17,250)	(5,250)
Profit and Loss:		
Share Price + 20%	-	-
Share Price – 20%	-	-

The major methods and assumptions in estimating fair value of financial instruments were disclosed in note 2(K) of the significant accounting policies section.

At 30 June 2013, the carrying value of debt and equity investments which fair values were determined directly, in full or in part, by reference to published price quotations amounted to $86,250 (2012: $26,250).

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

Fair value measurements recognised in the statement of financial position

Level 1

Level 1 fair value measurements are those instruments valued based on quoted prices in active markets.

Level 2

Level 2 fair value measurements are those instruments based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data.

30 June 2013	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	86,250	-	-	86,250
Total	**86,250**	**-**	**-**	**86,250**

30 June 2012	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	26,250	-	-	26,250
Total	**26,250**	**-**	**-**	**26,250**

23. Key Management Personnel Disclosures

The Key Management Personnel compensation disclosures required by the *Corporations Act 2001* are provided in the Remuneration Report in the Directors' Report.

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the 2013 and 2012 financial years. Unless otherwise indicated they were Key Management Personnel during the whole of the financial years. The Key Management Personnel are:

(i) Directors

- Mr David Franklyn - *Chairman (Non-Executive) – appointed 16th April 2009.*
- Mr Bruce Rathie - *Director (Non-Executive) – appointed 18th February 2010.*
- Dr John Chiplin - *Director (Non-Executive) – appointed 18th October 2010, resigned 14th November 2012.*
- Dr David McQuillan – *Director (Non-Executive) – appointed 6th August 2012.*

(ii) Other Key Management Personnel

- Dr Stewart Washer - *Chief Executive Officer – appointed 23rd November 2010, ceased employment 7th October 2011.*
- Mr David Kenley - *Chief Executive Officer of Metabolic Pharmaceuticals Pty Ltd* – appointed *18th February 2010.*
- Mr Chris Mews - *Chief Financial Officer/Company Secretary – appointed CFO 1st September 2009 and held title of Company Secretary since 16th April 2009*.
- Mr Laurent Fossaert - *Chief Executive Officer of PolyNovo – appointed permanent CEO on 18th February 2010. Prior to this time he was COO and acting CEO of PolyNovo*.

(B) OPTION AND PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL

(i) Option holdings of Key Management Personnel are listed in the following table:

30 June 2013	Balance at beginning of year	Granted as compen-sation	Options exercised	Net change other	Balance at end of year	Total vested at end of year	Total exer-cisable at end of year	Total Not exer-cisable at end of year	Total vested during year
Directors									
Mr David Franklyn	-	500,000	-	-	500,000	500,000	500,000	-	500,000
Mr Bruce Rathie	-	500,000			500,000	500,000	500,000	-	500,000
Dr David McQuillan	-	500,000			500,000	500,000	500,000	-	500,000
Other Key Management Personnel									
Mr Laurent Fossaert	3,200,000	-	-	-	3,200,000	3,200,000	3,200,000	-	1,066,667
Mr David Kenley	4,622,222	-	-	-	4,622,222	4,622,222	4,622,222	-	1,066,667
Mr Chris Mews	1,355,556	-	-	-	1,355,556	1,355,556	1,355,556	-	333,333
Total	**9,177,778**	**1,500,000**	**-**	**-**	**10,677,778**	**10,677,778**	**10,677,778**	**-**	**3,966,667**

30 June 2012	Balance at beginning of year	Granted as compen-sation	Options exercised	Net change other	Balance at end of year	Total vested at end of year	Total exer-cisable at end of year	Total Not exer-cisable at end of year	Total vested during year
Directors									
No Directors hold options in the Group	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
Dr Stewart Washer	6,400,000	-	-	(6,400,000)	-	-	-	-	-
Mr Laurent Fossaert	3,200,000	-	-	-	3,200,000	2,133,333	2,133,333	1,066,667	1,066,666
Mr David Kenley[1]	3,200,000	-	-	1,422,222	4,622,222	3,555,555	3,555,555	1,066,667	1,066,666
Mr Chris Mews[1]	1,000,000	-	-	355,556	1,355,556	1,022,222	1,022,222	333,333	333,333
Total	**13,800,000**	**-**	**-**	**(4,622,222)**	**9,177,778**	**6,711,110**	**6,711,110**	**2,466,667**	**2,466,665**

1. Upon Dr Stewart Washer's departure from the group 3,200,000 unvested options were forfeited. The remaining 3,200,000 of Dr Stewart Washer's options which had already vested were sold to Mr David Kenley, 1,422,222 options, Mr Chris Mews, 355,556 options, and the remaining 1,422,222 options to an independent third party. The sale was on commercial terms.

(ii) Performance Rights holdings of Key Management Personnel

No performance rights were granted to Key Management Personnel for the year ending 30 June 2013 or 30 June 2012. There are no performance rights on issue as at 30 June 2013 (2012; Nil).

(C) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Details of the movements in the number of ordinary shares in Calzada Limited held during the financial year by each Director and other Key Management Personnel, including their personally-related entities, are set out below:

Shares held in Calzada Limited

		Balance at beginning of year	Granted as compen-sation	On exercise of options or Performance Rights	Net change other	Balance at end of year
Directors						
Mr. David Franklyn [(a)]	**2013**	**-**	-	-	**899,280**	**899,280**
	2012	59,713,219	-	-	(59,713,219)	-
Mr Bruce Rathie [(vi)(b)]	**2013**	**1,000,000**	-	-	**-**	**1,000,000**
	2012	1,000,000	-	-	-	1,000,000
Dr David McQuillan[(viii)]	**2013**	**-**	-	-	**-**	**-**
	2012	-	-	-	-	-
Dr John Chiplin [(ii)]	**2013**	**-**	-	-	**-**	**-**
	2012	-	-	-	-	-
Other Key Management Personnel						
Mr. David Kenley [(c)(iii)]	**2013**	**23,336,734**	-	-	**1,652,741**	**24,989,475**
	2012	20,453,088	-	-	2,883,646	23,336,734
Dr Stewart Washer [(I)]	**2013**	**-**	-	**-**	**-**	**-**
	2012	-	-	-	-	-
Mr Chris Mews [(v) (d)]	**2013**	**152,344**	-	**-**	-	**152,344**
	2012	-	-	-	152,344	152,344
Mr Laurent Fossaert [(VII) (e)]	**2013**	**5,170,274**	-	**-**	**324,500**	**5,494,774**
	2012	3,749,153	-	-	1,421,121	5,170,274
Total	**2013**	**29,659,352**	-	**-**	**2,876,521**	**32,535,873**
	2012	84,915,460	-	-	(55,256,108)	29,659,352

Notes:

(a), (b) (c) (d) and (e) shares held indirectly included in balance at 30th June 2013 - (a) 899,280 (b) 1,000,000 (c) 19,383,409 (d) 152,344 and (e) 2,971,210. 30th June 2012 - (a) - (b) 1,000,000 (c) 17,386,994 (d) 152,344 and (e) 2,721,710.

(i) Dr Stewart Washer was appointed as Chief Executive Officer on 23rd November 2010 and ceased employment on 7th October 2011.

(ii) Dr John Chiplin was appointed as Director on 18th October 2010 and resigned on 14th November 2012.

(iii) Mr David Kenley, Chief Executive Officer of Metabolic, was appointed as Director on 16th April 2009 and resigned on 18th February 2010.

(v) Mr Chris Mews was appointed Company Secretary on 16th April 2009 and CFO on 1st September 2009.

(vi) Mr Bruce Rathie was appointed as Director on 18th February 2010.

(vii) Mr Fossaert was appointed permanent CEO on 18th February 2010. Prior to this time he was COO and acting CEO of PolyNovo.

(viii) Dr David McQuillan was appointed as Director on 6th August 2012.

(D) LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been made to Directors of Calzada or to any other Key Management Personnel, including their personally-related entities.

(E) OTHER TRANSACTIONS WITH DIRECTORS

Lateral Innovations Pty Ltd of which David Kenley is a Director was engaged by Calzada Limited to provide consulting services to Metabolic Pharmaceuticals Pty Ltd. Consulting and Director fees of $219,839 (2012; $228,900) were paid by Calzada during the financial year.

24. Intangible assets

	30 June 2013 $	30 June 2012 $
Intangible assets	2,519,788	2,519,788

These intangible assets were acquired through the business combination formed with PolyNovo Biomaterials Pty Ltd, on 17th December 2008. These assets are indefinite lived and are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

The impairment assessment at 30 June 2013 took into consideration a valuation report prepared by an independent third party obtained in the prior year.

The valuation report was prepared by assigning a value to each current project in the Group's pipeline using a probability adjusted net present value method. In arriving at a valuation for each project, various assumptions were made depending on the individual project. The assumptions for each project fell in the range as outlined below:

Growth rate	3% to 5%
Valuation date	30 June 2012
After tax discount rate	15%
Royalty on sales	5% to 30%
Market penetration	20% to 40%

Growth rate: derived from published data on growth in incidence of the relevant indications and historical growth of products being sold into those conditions.

After tax discount rate: is the Calzada CAPM with a premium of about 3% due to uncertainty in cash flows (this is after probability adjustments to cash flows ranging from 36 to 72%).

Royalty on sales: is as stipulated in agreements, or past agreements, with collaborators.

Market penetration: is a best estimate considering quality of proposed products relative to competitive offerings, where competitors exist, number of competitive products and what commercial partners would expect to justify further investment in development.

A sensitivity analysis was performed where the value of each assumption changed by 10%. In this instance, the value placed on the Intellectual Property was still above the carrying value.

Consideration was also given to recent transactions in the field of each project and the market capitalisations of ASX Listed Company's with similar technology. The report concluded that the value of the Intellectual Property is in excess of the current carrying value.

The Directors considered this valuation report and the development of the Groups projects over the last 12 months in forming a view on the value of the Groups Intellectual Property. It is the opinion of the Directors that no impairment of the Intellectual Property is necessary as at 30 June 2013.

25. Controlled entities

The consolidated financial statements incorporated the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy in Note 2:

	Country of incorporation	Percentage Owned	
		2013 %	2012 %
Company:			
Calzada Limited	Australia		
Subsidiaries of Calzada Limited:			
PolyNovo Biomaterials Pty Ltd	Australia	100	100
Metabolic Pharmaceuticals Pty Ltd	Australia	100	100
NovoSkin Pty Ltd	Australia	80	80
NovoWound Pty Ltd	Australia	80	80

Building a better working world

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Independent auditor's report to the members of Calzada Limited

Report on the financial report

We have audited the accompanying financial report of Calzada Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 controls 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 controls. 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*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Opinion

In our opinion:

a. the financial report of Calzada Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 24 to 36 of the directors' report for the year ended 30 June 2013. 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 Calzada Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Don Brumley
Partner
Melbourne
28 August 2013

Additional information required by the Australian Securities Exchange is as follows:

Ordinary Shares

As at 23rd August 2013 there were 406,074,426 ordinary shares on issue held by 5,426 shareholders. Each ordinary share carry's one vote per share.

Top 20 Shareholders as at 23rd August 2013

Shareholder	No. of Shares	%
Trust Company Ltd <MOF A/C>	66,594,675	16.4
Lateral Innovations Pty Ltd	12,117,436	2.98
Monash Investment Holdings Pty Ltd	9,607,520	2.37
HSBC Custody Nominees Ltd	9,423,593	2.32
Shepherd Investment A/C	5,538,462	1.36
Ms Suzanne Kenley	5,481,098	1.35
Kittel Family Super Account	5,410,735	1.33
Mr David Kenley	5,016,800	1.24
Lappin Super Fund A/C	4,337,964	1.07
CSIRO	4,081,250	1.01
Semblance Pty Ltd	3,675,000	0.91
Mr Brian Matthews	3,091,655	0.76
Professor Frank Ng	2,875,000	0.71
Mr Laurent Fossaert	2,754,334	0.68
Haskali Super Fund	2,367,964	0.58
Mrs Barbara Rayner	2,300,000	0.57
JP Morgan Nominees Australia Ltd	2,290,705	0.56
Mrs Georgina Panayiaris	2,248,289	0.55
TW Davis Holdings Pty Ltd	2,230,770	0.55
Fossaert Nominees Pty Ltd	2,041,210	0.50
Total	**153,484,460**	**37.80**

Unquoted securities

Options over unissued shares

A total of 14,485,000 options over ordinary shares are on issue held by ten individual holders. All options were issued under the Calzada Employee Share Option Plan. There are no options on issue to Directors as at the date of this report. Options do not carry a right to vote.

Range of Shareholders as at 23rd August 2013

	No. of Holders	No. of shares
1 - 1000	730	501,611
1,001 – 5,000	1,702	5,029,501
5,001 – 10,000	850	6,989,166
10,001 – 100,000	1,646	55,617,986
100,001 and over	514	337,936,162
Number of holders with less than a marketable parcel	2,526	6,041,927

Voting rights

Clauses 45 to 54 of the Company's constitution stipulate the voting rights of members. In summary but without prejudice to the provisions of the Constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for each share held by the member.

Substantial Shareholders

Name of shareholding	No. of shares
Trust Company Ltd <MOF Account>	66,594,675
Mr David Kenley	24,989,475

Quotation of the Company's Shares

Calzada has been granted official quotation for its shares on the Australian Securities Exchange (ASX Code: CZD).

Corporate Directory

ABN 96 083 866 862

Non-Executive Chairman
Mr David Franklyn

Non-Executive Directors
Mr Bruce Rathie
Dr David McQuillan

Company Secretary
Mr Chris Mews

Registered Office
Unit 2/320 Lorimer St
Port Melbourne
Victoria 3207

Tel: (03) 8681 4050
Fax: (03) 8681 4099

Share Registry
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston St
Abbotsford, Victoria 3067
Telephone: 1300 850 505

Auditors
Ernst & Young
8 Exhibition St
Melbourne Victoria

Bankers
NAB
Perth, Western Australia

Lawyers
Corrs Chambers Westgarth
Perth, Western Australia

Website
www.calzada.com.au

Stock Exchange
Calzada shares are quoted on ASX Limited (ASX Code: CZD)