

Anteo Diagnostics Limited

Annual Report 2015/16



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About Anteo Diagnostics Ltd

Anteo Diagnostics Ltd (ASX: ADO) is a global nano-technology company. We work to enable the next wave of technological advancements, irrespective of industry, by tackling the scientific challenges encountered at the quantum (or nanoscale) level. We deal with this through the deployment of a highly complex chemistry that we have distilled into a simple set of reagents which can be further adapted and refined for specific applications. Our core technologies and capabilities are in state-of-the-art nanometre-thin 'coatings' with custom applications to manage commercially important interactions between different materials. The breadth of value creation is unlimited.

The Anteo Group owns a growing suite of patented technologies in nanometre-thin 'primers', 'binders' and 'coatings'. Anteo's nanoglue technology, called Mix&Go for healthcare markets, is highly innovative and is making significant contributions in the scientific field – supporting scientists to address important clinical challenges and commercial problems in their work.

The Anteo Group also develops, manufactures and distributes products for the life sciences, clinical diagnostics and bio-separations markets and is creating new applications in the energy and medical devices sectors. Life science and diagnostics customers are experiencing important benefits from the Anteo technology around nanoparticles and other miniaturised formats applicable to point-of-care devices.

The recent acquisition of DIAsource provides a profitable platform to roll out Anteo technology for life science and diagnostics. It also provides an opportunity to deploy Anteo technology into a new point-of-care system using appropriate assays, thus extending the commercial value of our existing assays and market channels.

Our strategy

Our strategy consists of two main pillars:

- focusing on the Health Care industry as our core: building on the profitable DIAsource Diagnostics unit as an operational platform for growth, and successfully implementing Anteo's coating technology in Medical Device applications (including diagnostics).
- developing and executing the business model to expedite value creation of Anteo's coating technology in other application areas and industries outside the above focus.

A medical device is an instrument, apparatus, implant, in vitro reagent, or related article that is used to diagnose, prevent, or treat disease or other conditions.



Key highlights

Anteo Technologies

Anteo Technologies is the innovation arm and a fully owned subsidiary of Anteo Diagnostics. 2015/16 saw:

- Patent applications strengthen IP in Batteries and Medical Devices
- Anteo Energy offering being seen as a novel approach with significant potential by global industry leaders
- Independent verification programs support product offerings
- Release of Universal Coupling Kit in March 2016
- Release of targeted specific purpose kits at the American Association of Clinical Chemistry (AACC) annual conference in August 2016
 - Lateral Flow Coupling Kits
 - Antibody Coupling Kit
 - Magnetic Separation Coupling Kit
- Recognition of strong point-of-care value propositions by customers and researchers alike
- Completion of the feasibility phase for incorporating Anteo technology (Mix&Go) in DIAsource products. Our two groups are jointly working together to move this forward in the PoC space
- A new government funded project with an Australian IVD partner Atomo being initiated. The objective is to develop new detection reagents for Point-of-Care (PoC) application
- Anteo completed its acquisition of DIAsource in January 2016.

Anteo board and management

Mr Rolf Sickman was appointed to the Anteo Board in February 2016.

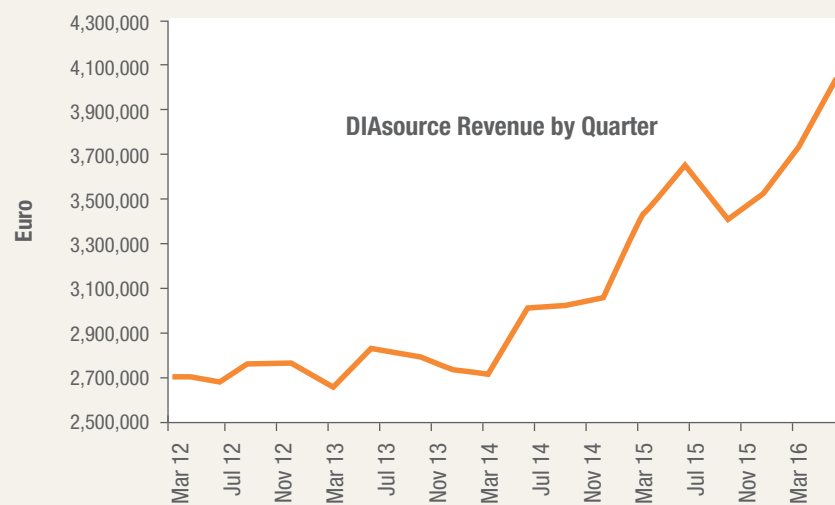
Dr Jef Vangenechten was appointed Group Chief Executive Officer in June 2016.

Ms Tamara Mills was appointed Chief Operating Officer Australia in August 2016.



DIAsource

- A record six months profit to 30 June 2016.



- DIAsource's revenue was €7.868 million (\$11.975 million) in the first two quarters of 2016, an increase of 10% over the same period in 2015 and above target for the first half-year. Growth over 2015 was achieved across all product lines.
- Signed a new US\$1.8m contract in June 2016.
- Released Zika virus and Free 25OH Vitamin D ELISA Assays at American Association for Clinical Chemistry (AACC) meeting in August 2016.
- 25OH Vitamin D ELISA test received CFDA clearance and released for sale in China.



Chairman's report

"The acquisition of the DIAsource business this year has been a transformational step in the development of the Anteo Group."

Dear Shareholders,

I am pleased to present Anteo Diagnostics' Annual Report for the financial year 2015/16.

This was a pivotal year for Anteo with the acquisition of DIAsource ImmunoAssays SA, the Belgian-based vertically integrated global clinical diagnostics company, for €15.4 million. DIAsource is a well-established business with growing revenue, good EBITDA and positive cash flow. This business is highly complementary to the Diagnostics and Life Science business of Anteo Technologies.

The acquisition satisfies one of the key strategic elements identified in previous reports as being key to the growth of the Anteo-business – the acquisition of synergistic assets. The DIAsource diagnostics unit is a major platform that underwrites the Anteo coating technology offering, enhancing commercialisation of the technology and expanding the markets globally. Anteo now has an improved critical mass on which to build a strong, profitable and growing organisation.

We are now better equipped to more comprehensively address any uncertainties customers may have about adopting Anteo products and we can provide a strong and clear path to rollout Anteo coating technology across different platforms.

The support of our shareholders was crucial in enabling us to take this decisive, forward looking step and the Board thanks you for the confidence you have shown us. The strong base-line business of DIAsource combine with the cutting-edge technology of Anteo Technologies and Anteo Energy to offer investors a low-risk investment opportunity with high potential for value creation.

We welcome Group CEO Dr Jef Vangenechten and the DIAsource team on board to a shared future of synergistic growth and enhanced opportunities.

Yours sincerely,

Mark Bouris

**Chairman
Anteo Diagnostics Limited**

27 September 2016



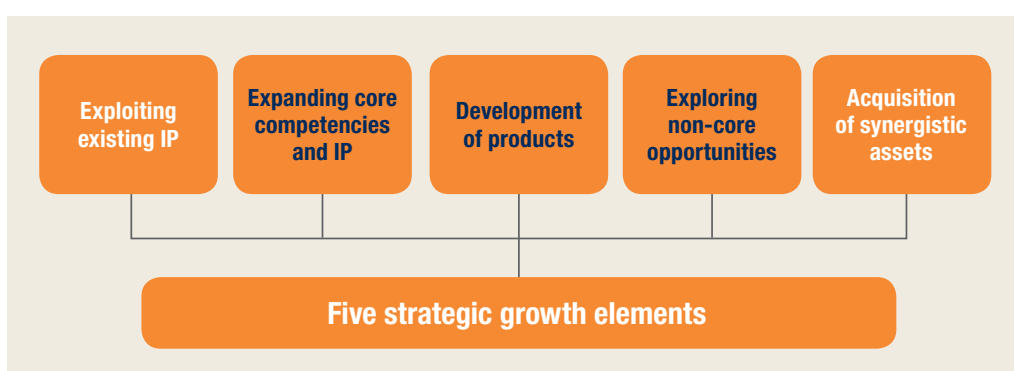
Group Chief Executive Officer's report

"DIAsource provides a strong platform on which to springboard the innovative technology of Anteo, leveraging the profitable diagnostics platform to enhanced success".

Dear Shareholders,

I am pleased to report on the important progress that Anteo Diagnostics has made during the 2015/16 financial year – a landmark year with the acquisition of the DIAsource business.

Anteo management previously identified five key strategic areas central to the growth of the Anteo business.



The fifth element of the strategy, 'Acquisition of synergistic assets' has now been put in place with the acquisition of DIAsource. Two other elements key to this strategy were addressed and progressed during this financial year: 'Expanding the core competencies and IP' and 'Development of products'.

After accepting the position of Group CEO, I have taken the opportunity to review the group's attributes, capabilities and opportunities. Three clear fundamentals were evident to me:

1. DIAsource is a well-established business with growing revenue, healthy EBITDA and positive cash flow. The company offers mature capabilities and serves as a platform to commercialise, manufacture and apply the Anteo technology in an industrial environment.
2. The cutting-edge technology of Anteo Technologies offers major blue sky opportunities.
3. The two businesses together represent a low-risk investment opportunity with high potential for value creation.



DIASOURCE AS THE PLATFORM FOR VALUE CREATION

Anteo acquired DIAsource because it provides a platform for Anteo's coating technology in terms of:

- financial strength – DIAsource is a strong, growing and profitable business
- infrastructure – DIAsource provides IT/ICT and ISO 13485 manufacturing infrastructure
- capability – in business development, quality assurance and product development
- location – central location in Europe
- reputation – proven in diagnostics, and networked in health-care with an established distribution network covering 75 countries

Thus we can see DIAsource as the cradle that supports the nurturing, development and commercialisation of Anteo's technology. This includes using DIAsource's commercial capabilities for selling Anteo's current and future products and for providing an environment to prove Anteo's technology in existing diagnostics kits. In joining forces, we have created a renewed momentum to take the Anteo coating technology opportunity to new investor markets, leveraging the matured insights and the extensive business development experience of the DIAsource and the newly strengthened Anteo management team.

The cutting-edge technology of Anteo





Anteo provides functional nanometre-thin coatings and binders across multiple industries and applications. At this point in time we have a clear insight and knowledge of the science-based aspects of our technology along with practical models for its applications.

We now need to clearly identify those applications where our technology is unique in offering a key competitive advantage or a sole solution to a key problem.

Therefore we are now pursuing:

- a thorough understanding of the competitive landscape in the various application areas where we see opportunities
- the analysis of the unmet needs in each of the areas
- the design of specific experiments to support our intellectual property (IP)
- the development of compelling evidence of the strength and uniqueness of our solution to industry problems.

These insights will provide the direction on how we will market the technology in the different applications that we work on. We will make optimal use of the DIAsource platform in the diagnostics and life sciences industries and we will create more partnerships with industry players for medical devices and energy applications.

During this last year, the Anteo Group has been able to establish the fundamentals for future growth, and combine all elements to build a strong and successful organisation and increase value to our shareholders.



Operational review

DIASOURCE BUSINESS PLATFORM

Highlights

- DIAsource continues to grow and achieved two consecutive 'best-quarter-ever' ratings in 2016.
- DIAsource wins a €1.8m contract.
- Introduction of a Zika ELISA assay in the market.
- Introduction of the unique Free 25OH Vitamin D assay in clinical labs.

As a vertically integrated company, DIAsource's business consists of the development, manufacture, sales and distribution of diagnostic kits to clinical laboratories. The focus is on immunoassays, currently in both ELISA and RIA formats, which are sold directly and indirectly to about 75 countries worldwide.

In Vitro Diagnostics is a fragmented industry characterised by a plethora of different disease fields, diagnostic test application areas (from screening to disease diagnosis and monitoring) and technologies (automated systems, manual assays, point-of-care assays). DIAsource's core business taps into profitable niches by focusing on selected product–market combinations, and by leveraging unique capabilities to offer not just products but also customised services tuned to specific customer and market needs. As much as products are core to our business, the voice of the customer and the services we offer are core to our company culture and operations.

DIAsource's success comes from a strong focus on execution, and extension into new product–market combinations. Examples of approaches that have boosted growth include a successful focus on specific markets (such as Spain, China and Egypt) and on the RIA (radio immunoassay) niche market – at a time when competitors are leaving this market space – as well as extension of the product portfolio (Vitamin D and launch of an infectious disease portfolio). Some figures illustrate this:

- Complementing the launch of the ELISA Vitamin D Kit in 2012 with open partnerships has been a main driver in the growth of the Vitamin D segment, which has shown a CAGR of 23% since 2012
- Moving into the infectious diseases segment was successful, with an average yearly growth CAGR of 30% since 2013.
- Sales in selected new focus geographies such as Spain, South America, and China increased with a CAGR of 20–40% since 2011.

Our efforts to continuously add new products and open new markets led to the launch of the Zika ELISA assay. Given the spread of the disease to many countries worldwide over the last months we expect this assay to offer good sales opportunities commencing in South American and Asian markets.



Zika Virus

The Zika virus is rapidly spreading in South and Central America, and has recently been reported in Asia (Singapore). The virus is transmitted mostly by the bite of an infected Aedes species mosquito and can be passed from a pregnant woman to the fetus, causing serious fetal development issues. There is currently no vaccine or medicine.

"Everything we look at with this (Zika) virus seems to be a little scarier than we initially thought,"

Dr Anne Schuchat, CDC principal deputy director, White House briefing, 11 April 2016

The exact market for Zika diagnostic tests is not clear for the moment, but if previous pandemics are any indication, the market size may well be tens to hundreds of millions over the next few years.

The existing testing methods are either based on RNA detection (molecular diagnostics) or on antibody detection via either ELISA (enzyme linked immunosorbent assay) or IFA (immunofluorescence assay). The DAsource ELISA approach provides a longer window for diagnosis than the molecular methods which are only effective during the viraemic phase within the first week after onset of symptoms and may already produce negative results by the time a patient consults their doctor. The antibody detection method will allow detection of infections for months.

Recently DAsource introduced a unique 'Free 25OH' Vitamin D assay in clinical laboratories. So far, only researchers in the USA and Europe have used this assay. The results of their research have revealed that measuring the free form of 25OH Vitamin D may be recommended in specific clinical conditions over the use of the 'total 25OH' Vitamin D measurement, which is the current universal test. The DAsource assay is the only 'free 25OH' Vitamin D assay on the market and, given the recognition of its value by many research groups, is expected to become a routinely used assay in clinical laboratories over the coming years.



Why measure free Vitamin D?

Vitamin D deficiency is linked to diseases like osteoporosis, rickets and cancer. Several large population-based studies have shown that Vitamin D deficiency is common worldwide due to a sun-shy lifestyle and a dietary insufficiency of Vitamin D.

There is an increasing belief amongst the scientific community that measurement of free Vitamin D may provide a better reflection of the biological activity of Vitamin D than the current gold standard – ‘total 25OH’ Vitamin D – at least in certain clinical conditions such as obesity, diabetes, liver disease, pregnancy, renal disease, some types of cancer, respiratory disease and in intensive care.

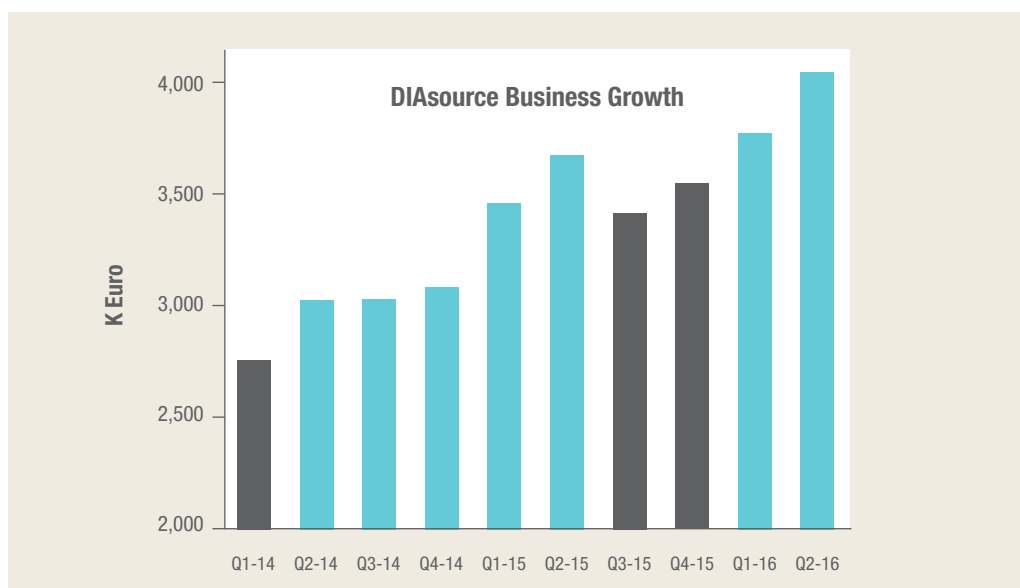
This thinking has been reached through an understanding that free 25OH Vitamin D is involved in the cellular uptake for conversion to the active form 1,25(OH)₂ Vitamin D and a belief that it may mirror the ‘free hormone hypothesis’. This is where measurement of free fractions of hormones (like free T3 and free T4 or free testosterone) provides additional valuable information to clinicians.

Researchers have used algorithms to estimate the levels of free Vitamin D in patients but have flagged a need for a test to measure the free form directly.

DIAsource has developed a monoclonal antibody that recognises free Vitamin D and, in collaboration with its partner Future Diagnostics, has produced the first and only ELISA test for the measurement of free Vitamin D. DIAsource and its partners exclusively distribute this test world-wide.



In just a few years, DIAsource has grown revenues from €11.0m (in 2013) to an expected business of over €15m by the end of 2016 (calendar year). From 2014 to current mid-2016, seven of the ten quarters were 'best-quarter-ever' in the company's history. The graph below illustrates the growth dynamic, with the record quarters in blue.



The revenue since the acquisition, in the first half of calendar year 2016 (€7.868 million or \$11.975 million) showed a growth of 10% over the same period in 2015 and is above target for that period. This growth was achieved over all product lines. Our sales activities in this period have centred around increasing the market share for our core product lines Vitamin D and RIA.

The overall top-line growth is supported by increasing production levels. Our focus on continuous improvement has resulted in major improvements of gross margin by 72% and EBITDA by 162% since 2012.

With the platform established, everything is now in place to scale up and 'do more of the same' – that is, to add products to the portfolio and manufacturing supply chain through the acquisition of product lines and to focus on additional markets with considerable potential.

Part of this plan for the future includes the incorporation of Anteo kit products as a new pillar in the DIAsource business. This will entail the inclusion of business development of the Anteo technology for Europe and the USA at DIAsource and production of Anteo product lines.



ANTEO TECHNOLOGIES

Anteo has a vision to provide functional nanometre-thin coatings and binders across multiple industries and applications.

Anteo Technologies, the innovation arm, and a fully owned subsidiary, of Anteo Diagnostics, has 10 patent families related to the formation and use of metal-ion based nanometre-thin primers, binders or coatings relevant to diagnostics, life science, medical devices, and industrial applications such as Li-ion batteries.

Nanomaterials

Nanomaterials are commercially important and used in many application areas – including biomedical, healthcare, energy, electronics, environment, textiles, food and agriculture.

“Nanotechnology is the understanding and control of matter at dimensions between approximately 1 and 100 nanometres, where unique phenomena enable novel applications.”

“Unusual physical, chemical, and biological properties can emerge in materials at the nanoscale.”

From the US National Nanotechnology Initiative (NNI) 2013

Nanomaterials have two key aspects. Firstly, the scale is at a level where quantum effects determine the behaviour and properties of materials. Secondly, with smaller and smaller particles, the total surface area per mass of material increases dramatically. Nanotechnology is about surfaces and interface interactions, and in this context, nanometre-thin binders/coatings present an approach that allows one to manage and control the properties of very different surfaces.

A nanometre binder or coating becomes commercially important when it delivers a desired interface interaction that would otherwise not be delivered.

Over the last year, Anteo has generated progressive evidence demonstrating Anteo's capability to move from controlling the surface interface between inorganic materials and biomaterials within the life-sciences space to applications in medical devices and Li-ion batteries. The technological progress that has been made over the last year and the understanding of the value of our technology in different applications are summarised in the following sections.



ANTEO TECHNOLOGIES

Medical devices

Highlights

- The first of two provisional applications progressed to PCT stage in August 2016, strengthening Anteo's IP position in the medical device space.
- The University of Queensland's feasibility study demonstrated high potential for Anteo technology in in-vivo imaging and drug delivery.
- Work with Cook Medical expanded beyond its original scope.
- Preliminary evaluation of Anteo technology commenced in the field of active implantable medical devices.

Anteo Technologies is continuing development work in the Medical Device space. In this area we focus on improving the performance and utility of Medical Devices where there are challenges in surface chemistries to achieve better outcomes for customers and most importantly better and safer outcomes for patients. The capability to uniformly coat core materials commonly used in medical devices in order to provide stable lubricious, anti-thrombogenic and antimicrobial surfaces is a natural extension of Anteo's core competencies in nano surface chemistry.

The possibilities for medical device applications of Anteo technology are broad. We are currently focusing on the areas of implantable and in-vivo use products including lubricious coatings, anti-thrombogenic and anti-microbial coatings, in-vivo imaging.

"The market for medical coating is projected to reach \$13.23 billion by 2019."

Markets & Markets

Over this past year, Anteo has made significant progress in furthering work with partners on a number of medical device applications including implantable devices, in-vivo use medical devices and medical imaging.

"UQ study found that Anteo Mix&Go activated particles are promising materials for in vivo pre-clinical imaging of disease, and have potential for guided delivery of therapeutic materials."

Anteo has actively strengthened IP positions in the above area. The first of these applications progressed to PCT stage in August 2016. This patent application relates to creating surfaces with anti-thrombogenic properties and other functionalities with relevance to implantable products (as well as PoC applications). The other provisional application progresses to PCT stage in November 2016. Currently, there is a program to exemplify and further strengthen the key concepts prior to filing. This provisional application has benefits not just for medical devices but offers broad utility across various fields.



Anteo has a number of ongoing development collaborations with Cook Medical in the application of nanoglues and surface treatments in the medical device space. Initial work with Cook Medical led to an increasing number of paid interactions across a variety of medical device application areas in different Cook business areas.

“Active implants is a particularly interesting area for Anteo, given the current life-cycle challenges with battery dependent implantable medical devices and the synergy with Anteo Energy.”

Additionally, the University of Queensland (UQ) has completed the first phase of the in-vivo imaging project using the Anteo technology to develop innovative approaches to the surface functionalisation of nanoparticles, for application in diagnostic imaging. The results of this project were positive, demonstrating that using Anteo technology was not toxic to cells in vitro, and showing that the particles can be internalised by the cells in vitro for imaging purposes. This feasibility project demonstrates that Anteo Mix&Go activated and coated particles are promising materials for in vivo pre-clinical studies of disease, and have potential for guided delivery of therapeutic materials. Anteo will shortly enter into discussions with UQ on how to move forward in this innovative application area.

Anteo has recently commenced preliminary evaluation work in exploring the application of the technology in the field of tissue engineering and active implants. Active implants are a particularly interesting area given the current market challenges with battery driven implantables and the synergy with Anteo Energy. The potential opportunities for Anteo technologies in this field are diverse and there are a number of promising directions. The company has initiated a strategic review utilising additional resources from DIAsource as well as prior experience of our new COO to establish a strong plan forward in this promising area.



ANTEO TECHNOLOGIES

Medical devices: In-vitro diagnostics

Highlights

- Anteo and Atomo Diagnostics partner to develop a rapid point-of-care (PoC) cardiac troponin test using Anteo's proprietary coating technology.
- Two of Anteo's PoC development partners' products transitioning successfully through clinical trials.
- The feasibility phase of incorporating Anteo technology into DAsource products has been finalised, with the conclusion that high value is anticipated to come from joint collaboration in PoC.
- Anteo and DAsource are working together to identify areas within the PoC space where novel tests may be collaboratively developed and commercialised.

Historically Anteo has been broadly focused on demonstrating Mix&Go technology across all IVD platforms, and in particular the older platforms that have reached a performance plateau. Although Anteo has been able to show improvements in sensitivity, specificity and manufacturing in these older IVD platforms the benefits have not been perceived to outweigh the regulatory cost and burden required to incorporate the technology commercially. Anteo has also broadly focused on coating not only nano materials but macro sized and planar materials. Anteo's core strengths are in applying the coating technology at the smallest scale possible (nanotechnology applications) such as for point of care, where nanoscale surface area can significantly benefit. As such Anteo is making a conscious shift towards exploiting the application of the Anteo technology in the area of PoC and nanoscale IVD development.

We continue to see increased interest in our technology from the PoC industry, with a growing number of partners in the later stages of the product development cycle. We expect these products to reach the market in the coming months and years, with substantial benefits flowing through to our organisation.

The global PoC diagnostics market is currently valued at USD15.4 billion per annum and expected to reach USD20.9 billion by 2024. An important driver for the industry is the continued miniaturisation of technologies and the introduction of cost effective solutions. These represent addressable areas of need where Anteo's technology can bring about numerous benefits.



Anteo is primed to take advantage of the following recognised PoC industry developments and barriers:

- Existing platforms have reached a performance plateau with respect to sensitivity and specificity.
- The new generation of PoC devices employ nano tech solutions but demand newly designed methods and technologies to bind biological molecules to solid surfaces.

Accelerating advancements in point-of-care

"Anteo's novel binding chemistry is particularly well suited to advancing performance improvements of point of care tests. We are pleased to partner with a fellow innovator in the Australian medical device sector, to develop a next generation troponin test on the AtomoRapid platform."

Jef Vangenechten, Anteo CEO

Funding for New Rapid Blood Test
to Help Detect Heart Attacks:

Atomo Partners with Anteo



atomo diagnostics

Our partnership with Atomo Diagnostics is a strong example of where Anteo's technology can enable the next generation of PoC devices and is just one of a number of PoC device collaborations in the pipeline.

Our partnership with Atomo Diagnostics is one such example of where Anteo's technology can enable the next generation of PoC devices that have considerable component material requirements demanding a nanotechnology solution to bring about a product to meet a market need.

Anteo will be working with Atomo Diagnostics to develop a clinical prototype of a cost effective and accurate point-of-care test for the diagnosis of heart attacks (troponin test) using our coating technology. Subject to a successful proof-of-concept phase, Atomo and Anteo will consider options to fully commercialise an AtomoRapid based troponin solution for the cardiac market.



The troponin test market is one of the largest and fastest growing single cardiac biomarker tests and the point-of-care (non-laboratory) market is estimated to be \$350 million per annum.

Together with DAsource we conducted a feasibility study to incorporate Anteo technology in DAsource products. The study demonstrates several benefits of the Anteo technology in the IVD ELISA space. These include shorter manufacturing time, shorter R&D development time, and reagent savings. However for the existing product portfolio the regulatory barriers remain cost and time prohibitive for integration into existing regulatory approved DAsource products.

The results of the interaction with DAsource gave new insights into the specific advantages of our technology and reinforces our decision to focus in the area of point-of-care and novel assay technologies where the value add is greater. As a result, Anteo and DAsource are currently working together to identify areas within the point-of-care space where tests may be collaboratively developed at Anteo Technologies and commercialised through the DAsource arm.

ANTEO TECHNOLOGIES

Life sciences products

Highlights

- Universal Coupling Kit released in March 2016.
- Targeted specific purpose kits released at AACC in August 2016, including
 - Lateral Flow Coupling Kit
 - Antibody Coupling Kit
 - Magnetic Separation Coupling Kit.
- Independent verification programs support product offerings.

The global Life Sciences sector represents one of the largest high-tech industries encompassing pharmaceuticals, biotechnology, medical instruments and devices, animal and agricultural bioscience and commercial research and testing.

Anteo's technology has multiple industrial applications, but requires a method to amplify its reach within the R&D community. We are unable to address all the possible applications where the technology can create significant impact. To this end we developed a set of foundation products that researchers can use with low access barriers.

The products that were developed fall into following categories:

1. Standalone reagents, for example Mix&Go Biosensor
2. Pre-activated particle kits, for example the AMG Coupling Kit, 200 nm Magnetic Particles
3. Standalone reagent and accessory buffer kits for users with a preference to utilise a specific particle of choice, for example the Universal Coupling Kit.



Recently we went one step further and developed a number of derivatives of the Universal Coupling Kit including an Antibody Coupling Kit, a Magnetic Separation Coupling Kit and a Lateral Flow Coupling Kit. These kits target applications for very specific user groups. The targeted selling of these products to researchers is anticipated to attract more paid research and development work in custom antibody coupling and point of care assay development. The products were launched at AACC (August 2016) in Philadelphia (USA) and coincided with a digital marketing program, the launch of a new search engine optimised website and a targeted distributor program.

Improving the market reach of the products was addressed by engaging two additional distributors in 2015/16 – SIGMA-ALDRICH and KOMABIOTECH – with initial feedback in line with expectations:

“We are confident to introduce Anteo products to our customers. They are happy with the Anteo products in terms of the sensitivity and performance. Also AMG Universal Coupling Kit is the very useful replacement of EDC/NHS.”

KJ Sohn, General Manager KOMABIOTECH

Prior to launching the new products, Anteo contracted key industry players to conduct performance evaluation studies on the products, with all providing positive results.

Independent verification programs support product offerings

- **DCN Study**

- DCN study found that the Anteo technology based hCG assay is five times more sensitive than the covalently conjugated magnetic particle based test using the same critical reagents.
- The hCG assay using Anteo particles used half the amount of antibody to achieve better sensitivity than the covalently conjugated assay.

- **Future Diagnostics Study**

- The FutureDx study demonstrated the broad and comparable usability of the Universal Coupling Kit for six selected magnetic particles
- Notably, carboxylated particle manufacturers can now offer their customers an alternative approach to immobilisation of biomolecules onto their particles with users no longer locked into only choosing the covalent chemistry approach.

- **NMI Study (Natural and Medical Sciences Institute at the University of Trubingen)**

- NMI demonstrated that the AMG Activation Kit is easy to use, which can contribute to decreased lot-to-lot variability of different assay productions, and provides an alternative chemistry for the immobilisation of challenging proteins. Significantly this study confirmed that the Anteo technology is capable of binding complex biomolecules such as an inactivated whole hepatitis A virus (HAV).



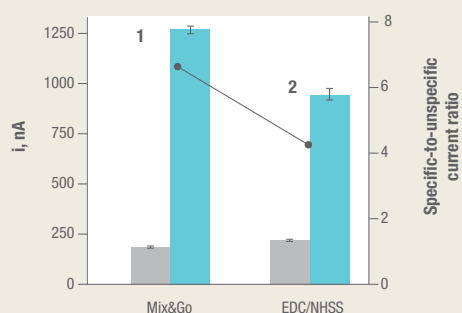
We realise that this novel coating technology brings a solution to researchers in cases where they were not able to coat their antibodies and antigens before. In order to accelerate the building of this momentum we are focusing on marketing campaigns educating researchers on the novel application and benefits of our technology.

We succeeded in getting market recognition by citations and examples of applications where the technology demonstrates clear advantages.

One example is a recent publication that describes the development of an immunosensor based on *'magnetic microparticles supported onto carbon electrodes onto which immobilisation of the TGF- β 1 antibody is carried out using Anteo's metallic-complex chelating polymer Mix&Go'*. This work demonstrates the performance benefits of Mix&Go compared to EDC (Figure 1) and shows increased assay signal and reduced background. The novel technology is suitable for quantification of TGF- β 1 as a biomarker of patients at risk for renal disease, with a limit of detection that exceeds that of commercial ELISA and other immunosensors.

Figure 1. Comparison of reagents, showing benefits of Mix&Go

Amperometric currents (i , nA) for 25 μ L of 125 pg/mL (dark grey) or 0 (light grey) TGF- β 1, 60 min, measured with immunosensors prepared by covalent immobilisation of anti-TGF onto HOOC-MBs using Mix&Go (1) or by activation with EDC/NHSS (2). Results for triplicate analysis with error bars at $\pm s$ values¹



Over the past year, there have been several such publications describing the use of Anteo's technology in diverse applications – including for the development of multifunctional magnetic particles used to isolate rare circulating tumour cells from complex samples².

The publications also highlight the utility of Anteo's coating technology deployed across diverse material substrates, as demonstrated in an adiponectin graphene based immunosensor³ and in carbon nanotubes⁴. The relatively novel nanomaterial graphene is increasingly used in electroanalytical applications. Its widespread use is hampered by manufacturability and handling property constraints, including high hydrophobicity, low solubility and aggregation and resulting difficulties to immobilise biomolecules. As a result the authors state that the use of Mix&Go for antibody immobilisation is a convenient methodology that may be used as a general preparative procedure for electrochemical immunosensors³.



*"The excellent electrochemical behaviour of this hybrid nanomaterial together with the ability of the metal-complexes based polymer Mix&Go™ for the stable and oriented immobilisation of specific capture antibody allowed the development of an immunosensor for the adiponectin protein involved in glucose and lipid metabolism. The analytical performance of the developed immunosensor, with a detection limit of 61 ng/mL and great storage stability, was appropriate for the determination of the target analyte in human serum as it was demonstrated by comparing the results with those provided by a commercial ELISA kit."*³

Peer reviewed literature such as the examples described above are expected to be key mechanisms for driving utilisation of Anteo Technology in the research field.

It will be important now to strengthen the product distribution channels through strategic promotion of the newly launched products and by leveraging the commercial infrastructure and experience at DIAsource.

ANTEO TECHNOLOGIES

Anteo Energy

Highlights

- Key industry players showed their interest in the tangible opportunities that our technology can offer to increase the efficiency in Li-ion batteries.
- Significant progress was made in securing and strengthening Anteo's IP position.
- Internal coin cell battery production capability was established.

The market demands low-cost, high-energy and long lasting lithium ion batteries. New battery materials such as silicon have the inherent ability to provide high-capacity batteries but the full potential of these materials cannot currently be exploited due to their instability. Anteo has generated proof of principle data demonstrating that battery materials incorporating Anteo nano-materials can provide much higher capacities and lead to improved cycling stability and battery life. Utilising Anteo nano-materials in the anode has demonstrated an approximately 30% increase in capacity.



The international lithium ion battery market is currently over \$20 billion per annum and is predicted to reach \$53 billion by 2025. The main applications in this market are consumer electronics, mobile phones, automotive (electric vehicles and hybrid electric vehicles) and industrial applications (power tools and renewable energy storage).

In May 2016, the Anteo Energy business development group undertook a successful and productive trip through Asia, meeting with some of the world's largest manufacturers and component suppliers of lithium ion batteries. The improved battery performance combined with the 'drop in' nature of the Anteo coating technology was considered significant and attractive. The trip generated a strong interest in working with Anteo among some of the largest lithium battery manufacturers. The success of this trip led Anteo to establish in-house basic capabilities for making half-coin Li-ion batteries including procedures of slurry preparation, composite pasting, calendaring, drying, assembling and battery charge-discharge cycle testing.

Anteo Energy proof of principle data demonstrates:

- significantly higher amounts of storable energy
- lighter and smaller batteries offering the same run-time as current products
- increased battery power through better charge/discharge efficiency
- faster charge time and longer lasting batteries.

Anteo's core capabilities are in the development and application of nano binders and coatings. The company recognises the need to collaborate with R&D partners with in-depth capability and industrial experience in Li-ion batteries to assist in data generation for full commercialisation. Currently Anteo's preferred course is to work with a major industrial development institute and is in discussion with several such organisations. This approach allows Anteo to retain the ability to exploit the technology broadly. Anteo is also fostering direct relationships with a number of battery companies that have shown strong interest.

Significant progress has been made in 2015/16 in securing and strengthening Anteo's IP position in energy. Three (3) patent applications in the energy field have been filed. The first progressed to PCT stage in April, 2016. The International Search Report and the Examiner's Written Opinion consider all of the claims of this application to be both novel and inventive. Two other provisional applications are scheduled to progress to PCT stage by March 2017.



Realising the value potential of Anteo technology

As an organisation with finite available resources, Anteo must be prudent when selecting from the myriad opportunities that can be addressed by its core technology. There are two paths available to realise the value of Anteo technology:

1. Internal development and commercialisation of opportunities where a significant unmet need is matched by the depth and combination of our expertise. A good example of this is our central area of focus in miniaturised systems suitable for point-of-care applications.
2. Partnership for development and commercialisation of opportunities where a significant unmet need is not supported by our own expertise. This includes opportunities where either industry-specific capability is needed or where an opportunity has not been assessed. An example of the former is the commercialisation of our Li-ion batteries, where the capital cost and the time to build an industrial strength capability requires suitable partners to help drive the project to a successful conclusion.

The objective of this value realisation approach is to maintain and focus Anteo capabilities in our area of strength – nanomaterial coatings and their application – and expedite value creation in applications outside our core focus.

Dr Jef Vangenechten

**Group Chief Executive Officer
Anteo Diagnostics Limited**

27 September 2016

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 - 2 Jiao, W., Wei, X., Gan, J., Huang, L., Shen, T., Lou, J., Liu, B., Zhang, J.X.J., Qian, K., 2016. Adv. Funct. Mater., DOI: 10.1002/adfm.201504184
 - 3 Arenas, C.B., Sánchez-Tirado, E., Ojeda, I., Gómez-Suárez, C.A., González-Cortés, A., Villalonga, R., Yáñez-Sedeño, P., Pingarrón, J.M., 2016. Sensors and Actuators B 223 (2016) 89–94
 - 4 Ojeda, I., Barrejón, M., Arellano, L.M., González-Cortés, A., Yáñez-Sedeño, P., Langa, F., Pingarrón, J.M., 2016. Biosensors and Bioelectronics 74 (2015) 24–29



Anteo Diagnostics Limited

ABN: 75 070 028 625

Consolidated Entity

**Financial Statements
for the year ending
30 June 2016**

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CORPORATE DIRECTORY

| | | |
|---------------------------|---|--|
| Directors | <p>Mr Mark Bouris Dr Geoffrey Cumming</p> <p>Mr Richard Martin Dr John Hurrell Mr Rolf Sickman</p> <p>Mrs Sandra Andersen</p> | <p>Non-Executive Chairman CEO (to 16th March 2016), Executive Director</p> <p>CFO, Executive Director</p> <p>Non-Executive Director</p> <p>Non-Executive Director (appointed 29th January, 2016)</p> <p>Executive Director (ceased 24th August, 2016)</p> |
| Company Secretary | Mr Richard Martin | |
| Registered Office | 4/26 Brandl Street, Eight Mile Plains QLD 4113 | |
| Mailing Address | 4/26 Brandl Street, Eight Mile Plains QLD 4113 | |
| E-mail | contact@anteodx.com | |
| Website | www.anteodx.com | |
| Legal Advisors | <p>ClarkeKann Lawyers 300 Queen Street, Brisbane QLD 4000</p> <p>Stibbe Stibbetoren, Strawinskylaan 2001 1070 AP Amsterdam, Netherlands</p> | |
| Auditors | <p>Grant Thornton 145 Ann Street, Brisbane QLD 4000</p> | |
| Patent Attorneys | <p>Fisher Adams Kelly Callinans Level 6, 175 Eagle Street, Brisbane QLD 4000</p> | |
| Share Registry | <p>Boardroom Pty Limited Level 7, 207 Kent Street, Sydney NSW 2000</p> | |
| Insurance Advisors | <p>Yellow Brick Road Wealth Management Pty Limited 1 Chifley Square, SYDNEY, 2001</p> | |
| Bankers | <p>Australia and New Zealand Banking Group Limited 3 Sherwood Road, Toowong QLD 4066</p> | |

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

DIRECTORS

Persons holding the position of Directors at any time during or since the end of the year are:

Mr Mark Bouris
 Dr Geoffrey Cumming
 Mr Richard Martin
 Dr John Hurrell
 Mr Rolf Sickman (appointed 29th January, 2016)
 Mrs Sandra Andersen (ceased 24th August, 2016)

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

The Directors of the Company at the date of this report are set out below, together with details of their qualifications, experience and interests in the Company.

| Mr Mark Bouris BCom(UNSW), MCom(UNSW), Hon DBus(UNSW), Hon DLitt(UWS), F.S.A. | Chairman |
|--|---|
| <p>In addition to his chairmanship with Anteo, Mark Bouris is the Executive Chairman of Yellow Brick Road Wealth Management and the Executive Chairman of global technology company TZ Limited. Mark is an Adjunct Professor at the UNSW Australia Business School and he sits on boards for the UNSW Business Advisory Council, the Western Sydney University Foundation Council and the Chief Minister's Advisory Council. Mark holds a Bachelor and Master of Commerce from the University of New South Wales and has doctorates from the University of New South Wales and the Western Sydney University. Mark is also a Fellow of the Institute of Chartered Accountants and the author of three business books, <i>Wealth Wizard</i>, <i>The Yellow Brick Road to Your Financial Security</i>, and <i>What It Takes</i>.</p> <p>Responsibilities: Chairperson of Nomination & Remuneration Committee.</p> <p>Interest in options: 5,000,000 exercise price of 20 cents, expiry date of 10/11/2018, all vested.</p> | |
| Dr Geoffrey Cumming B.App.Sc, B.Sc.(Hons.), MBA, PhD, MAICD | Chief Executive Officer - Executive Director Non-Executive Director from 16 March 2016 |
| <p>Dr Cumming has over 20 years' experience in the healthcare and biotechnology market. Geoff's roles have progressed from pure research to sales and marketing roles through to Managing Director level and Board seats. Previously Managing Director of Roche Diagnostic Systems – Oceania Regional Centre, where he transformed a loss making business to one achieving over 30% compound annual growth over a four year period and the highest profitability levels in Roche's global organisation. Geoff was also Managing Director and CEO of an Australian based biotechnology company commercialising a range of products in cancer diagnosis and treatment. During his tenure he was responsible for taking research from Sydney University through to product registration. This involved capital raising, managing Intellectual Property, investor relations and forging links with relevant international partners.</p> <p>Dr Cumming has been a Director of Anteo since April 2009 and is a Non-Executive Director of ASX listed Medical Australia Limited.</p> <p>Responsibilities: Chief Executive Officer of the Company until 16 March 2016</p> <p>Interest in shares: 22,833,333 ordinary fully paid Interest in options: 6,000,000 exercise price of 12 cents, expiry date of 8/11/2017, all vested.</p> | |

DIRECTORS' REPORT

| | |
|---|--|
| Mr Richard Martin B.Bus | Executive Director |
| | <p>Mr Martin holds a Bachelor of Business. He practised as a Chartered Accountant for 16 years, 11 as a partner in a medium sized Sydney practice. Mr Martin has been involved with the Company since it was founded by Dr Maeji. He has considerable experience both operationally and advising corporate entities, his work has included complex business structuring and financing, the establishment of international hotels from conception, public listing of companies, management of foreign currency exposure, establishing and operating start up technology companies and the negotiation and implementation on the purchase and sale of enterprises. Mr Martin is a former director of Boulder Steel Ltd.</p> <p>He has been a Director of Anteo since September 2005.</p> <p>Responsibilities: Chief Financial Officer; Member of the Audit & Risk Committee, Nomination & Remuneration Committee and Company Secretary.</p> <p>Interest in shares: 5,400,000 ordinary fully paid</p> <p>Interest in options: 6,000,000 exercise price of 20 cents, expiry date of 10/11/2018, all vested.</p> |
| Dr John Hurrell B.Sc, M.Sc (Qual), PhD, Fulbright Fellow | Non-Executive Director |
| | <p>Dr. John Hurrell has 30 years of experience in the biotechnology and life science industries. He has a strong track record of success in starting, building, growing and improving the profitability, performance and value of life science and healthcare companies. Currently Dr. Hurrell works as President, Asia Pacific Region for PTS Diagnostics Inc and Chairman, PTS Diagnostics India Pvt. Ltd where he is responsible for the International Business Development and Sales. Previous roles included: Senior Executive Vice President at Seegene, Inc. where he was responsible for the International Business Division, President and General Manager at Focus Diagnostics, VP of Business Development at Quest Diagnostics as well as senior positions at Genzyme, Boehringer Mannheim, Merck Serono, and a number of other companies</p> <p>Responsibilities: Member of the Audit & Risk Committee, Nomination & Remuneration Committee</p> <p>Interest in Options: 3,000,000 exercise price of 20 cents, expiry date of 10/11/2018, all vested. 3,000,000 exercise price of 12 cents, expiry date of 8/11/2017, all vested</p> |
| Mr Rolf Sickman Appointed 11 January 2016 | Non-Executive Director |
| | <p>Mr Rolf Sickman is currently Chairman of DIAsource Immunoassays. In his earlier career, Mr Sickman joined Kempen & Co and handled institutional sales fixed income, alternative investments and corporate structures. From 1995, Mr Sickman developed and managed 2 single family offices from the ground up overlooking in excess of 1 billion Euros in investable assets. He served on various boards in private companies during that period. During 2009-2011 he acted as Chief Executive Officer in a real estate company overlooking in excess of 500 million of investments. In 2011 he founded and became a senior partner in a private multifamily office specializing in non-correlated alternative investment strategies. Mr Rolf Sickman holds a Master of Laws at the Vrije Universiteit in Amsterdam in 1984.</p> |
| Mrs Sandra (Sam) Andersen LLB, CPA, FFinsia, FAICD | Executive Director (Ceased 24 August, 2016) |
| | <p>Mrs Sandra (Sam) Andersen is a Certified Practicing Accountant, and holds a Bachelor of Laws. She is a Fellow of Finsia and the Australian Institute of Company Directors.</p> <p>Sam Andersen was appointed as a Director in May 2011 and was Chair of the Audit & Risk Committee. Mrs Andersen is a Director & Chair of the Risk Committee of Beyond Bank Australia, Member of the Board of Trustees and Chair of the Finance and Audit Committee for Melbourne Convention and Exhibition Trust, a Director of Australian Hearing Services, Chair of the Audit and Risk Committee for</p> |

DIRECTORS' REPORT

the Department of Premier and Cabinet Victoria and a Director and the Chair of the Audit & Risk Management Committee for Chisolm Institute of TAFE.

She began her career with a law degree and subsequently held senior executive positions with ANZ Bank, Commonwealth Bank of Australia and National Australia Bank. Following a career change from banking and finance into industry, Mrs Andersen was the Chief Financial Officer at Lumacom Ltd and Chief Operating and Financial Officer of Multi-Emedia.com Ltd

Responsibilities: Chairman of the Audit & Risk Committee.

Interest in options: 3,000,000 exercise price of 20 cents, expiry date of 10/11/2018, all vested.

COMPANY SECRETARY

The position of Company Secretary was held by Mr Shane Hartwig up to 31st August 2016. Mr Richard Martin was appointed Company Secretary on 31st August 2016. Mr Hartwig's experience is set out below.

Mr Hartwig is a Certified Practising Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Mr Hartwig is involved in the areas of IPOs, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice and is currently Company Secretary of ASX listed Rutila Resources Ltd; and a Non Executive Director/Company Secretary of ASX listed Exalt Resources Limited. Mr Hartwig has over 20 years experience in the finance industry both nationally and internationally with exposure in both the debt and equity capital markets.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the year were the development and commercialisation of specialised surfaces used in life sciences, and the research & development of surfaces for specific binding of proteins ("abiotics"). The Company is applying capability in surfaces and binding of proteins to the development of in vitro diagnostic tests.

The Company acquired DIAsource Immunoassays SA during the year. This acquisition expanded the activities of the Company to include the manufacture and sale of in vitro diagnostic tests.

The Company expanded the application of its surface capability into medical devices and batteries.

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

CONSOLIDATED OPERATING RESULT

The Company acquisition of DIAsource (DIAsource) Immunoassays SA in January 2016 added a fully operational vertically integrated immunoassay development, manufacturing and sales arm to compliment the R&D capabilities of Anteo Technologies Pty. Limited. DIAsource was acquired for €15,422,341 plus a contingent Earn Out of up to €7,266,000. DIAsource was acquired on a "locked box" basis. This meant that all profits after 31st December, 2014 were retained in DIAsource, except for a pre-acquisition dividend of €400,000 paid to vendor shareholders. This was the status of DIAsource at settlement in January 2016.

In December 2015 the Company undertook an entitlement offer to shareholders, which raised €8,363,411 (\$12,670,242), including placement to underwriters.

DIRECTORS' REPORT

The financial results for DIAsource have been incorporated in the operating results from the 1st January 2016.

The net consolidated operating loss of the economic entity for the financial year, after providing for income tax, amounted to €3,998,689 (\$6,094,205) compared with a loss for the 2015 year of €2,938,813 (\$4,220,342).

The loss included one off expenditure concerning the acquisition of DIAsource amounting to €1,671,028 (\$2,546,732); borrowing expenses of €532,228 (\$811,142) and investment of €2,694,087 (\$4,105,927) in research. In 2015 borrowing expenses were €3 (\$5) and R&D expenses amounted to €2,170,431 (\$3,166,891).

As at 30 June 2016, the Group maintained cash reserves of €2,522,170 (2015: €3,574,829) which will be used in the further development and commercialisation of Anteo Diagnostics Limited's proprietary technology.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid to Anteo Diagnostics Limited shareholders during the year and the Directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The review of operations is set out in the Group Chief Executive Officer's Report.

AFTER BALANCE DATE EVENTS

At the time of issuing this report the following events occurred post Balance Date.

- Issued a convertible note for USD500,000 to Bergen Global Asset Management Inc on 4 July, 2016 in accordance with the agreement with them.
- Remitted an instalment of €1,108,969 to the vendors of DIAsource by 11 July, 2016 in accordance with the purchase agreements.
- Issued 83,741,179 ordinary shares in full satisfaction of all outstanding convertible notes on 1 August and 21st August, 2016.
- Received AUD2,061,302 in R&D Tax Incentive in relation to the year ended 30 June, 2016.

OPERATIONS AND FUTURE DEVELOPMENTS

Going forward the Company will focus on progressing its business strategy in the diagnostics and other market places, as outlined in the Operating and Financial Review.

ENVIRONMENTAL ISSUES

Anteo Technologies Pty. Ltd is licensed under the Queensland Health (Drugs and Poisons) Regulations 1996 for the use and storage of chemicals for research use. The economic entity complies with all Workplace, Health and Safety requirements.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director and other key management personnel of Anteo Diagnostics Limited.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for Non-executive Directors and Executive Directors and Senior Executives (collectively Executives) of the economic entity is as follows:

The remuneration structure that has been adopted consists of the following components:

- Fixed remuneration being annual salary; and
- Short term incentives, being employee share schemes and bonuses.

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Short term incentive (STI)

Anteo performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the company values. The performance measures are set annually after consultation with the directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The KPI's for the Executive Team are summarised as follows:

Performance area:

- Financial – completion of agreements, profitability and improvement in share price; and
- Non-financial - strategic goals set by each individual business unit and holistic companywide performance criteria, including human resources, Workplace, Health & Safety and technical outcomes.

The STI program incorporates both cash and share-based components for the executive team and other employees. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Shares (if any) attained by Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using methodologies set out in Notes 1(r) and 19 of the Financial Statements.

Executive Directors and Executives (Executives)

The remuneration policy of Anteo Diagnostics Limited currently consists of a base remuneration and in some cases the consideration of a short term cash incentive, and a long term incentive through the issue of options at the Board's discretion. The Board believes the policy is appropriate as it repositions itself in the market, aligning Executive objectives with shareholder and business objectives.

The remuneration policy, setting the terms and conditions for the Executives was developed by the Nomination & Remuneration Committee, and approved by resolution of the Board. All eligible Executives receive a base salary and superannuation with options issued at the discretion of the Board. The Board of Directors, excluding Executive Directors, review Executive packages annually by reference to the economic entity's performance, Executive performance and comparable information from industry sectors and other listed companies in similar industries. Executive performance is evaluated based on achievement of

DIRECTORS' REPORT

Business Plan and objectives set by the Board. Performance evaluation of Executives was carried out during the reporting period, in accordance with the remuneration policy.

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination & Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Any changes to the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to performance of the economic entity. However to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan. Non-Executive Directors receive a superannuation guarantee contribution required by the Government, which at the date of this report is 9.5%, and do not receive any other retirement benefits.

Details of Directors' Remuneration for the Year Ended 30 June 2016

| Economic Entity | Note | Base Fee / Salary € | Bonus € | Post Employment Super- annuation € | Share Based Options € | Total € |
|------------------------|-------------|------------------------------------|--------------------|---|--|--------------------|
| M Bouris | 1 | 47,938 | - | 4,554 | - | 52,492 |
| R Martin | 2 | 32,802 | - | - | - | 32,802 |
| G Cumming | 3 | 249,335 | - | 23,687 | 12,204 | 285,226 |
| S Andersen | 4 | 104,864 | - | 9,962 | - | 114,826 |
| J Hurrell | 5 | 31,435 | - | - | - | 31,435 |
| R Sickman | 6 | 44,704 | - | - | - | 44,704 |
| Total | | 511,078 | - | 38,203 | 12,204 | 561,485 |

Emoluments of the key management personnel of the group for the Year Ended 30 June 2016

| Economic Entity | Note | Base Fee / Salary € | Bonus € | Post Employment Super- annuation € | Share Based Options € | Total € |
|------------------------|-------------|------------------------------------|--------------------|---|--|--------------------|
| J Vangenechten | 7 | 149,589 | - | - | - | 149,589 |
| J Maeji | 8 | 138,146 | - | 32,807 | 4,882 | 175,835 |
| Total | | 287,735 | - | 32,807 | 4,882 | 325,424 |

A detailed list of Directors including their skills and experience can be found on pages 2 to 4.

Notes regarding Directors and executive emoluments:

- (1) Mr Bouris was a Director for the full year.
- (2) Mr Martin was a Director for the full year. Mr Martin is a Director of Shubrick Investments Pty Ltd. Transactions with Shubrick Investments are disclosed as part of related party transactions in the Financial Statements.
- (3) Dr Cumming was Chief Executive Officer and executive director until March 2016 and a non-executive director for the rest of the year.
- (4) Mrs Andersen was a Director for the full year. Mrs Andersen is a director of Andersen & York Financial Consulting Pty. Ltd Transactions with Andersen & York are disclosed as part of related party transactions in the Financial Statements.
- (5) Dr John Hurrell was a Director for the full year.
- (6) Mr Sickman was appointed as a director on 29 January, 2016
- (7) Dr Vangenechten is Chief Executive Officer of DIAsource and became Group Chief Executive Officer in June 2016.
- (8) Dr Maeji was the Chief Scientific Officer for the full year.

DIRECTORS' REPORT

Details of Directors' Remuneration for the Year Ended 30 June 2015

| Economic Entity | Note | Base Fee / Salary € | Bonus € | Post Employment Super- annuation € | Share Based Options € | Total € |
|-----------------|------|---------------------------|------------|--|--------------------------------|----------------|
| M Bouris | 1 | - | - | 55,708 | 97,488 | 153,196 |
| R Martin | 2 | 34,820 | - | - | 116,986 | 151,806 |
| G Cumming | 3 | 278,538 | - | 26,461 | - | 304,999 |
| S Andersen | 4 | 38,156 | - | 3,625 | 58,493 | 100,274 |
| J Hurrell | 5 | 34,812 | - | - | 58,493 | 93,305 |
| Total | | 386,326 | - | 85,794 | 331,460 | 803,580 |

Emoluments of the key management personnel of the group for the Year Ended 30 June 2015

| Economic Entity | Note | Base Fee / Salary € | Bonus € | Post Employment Super- annuation € | Share Based Options € | Total € |
|-----------------|------|---------------------------|------------|--|--------------------------------|----------------|
| J Maeji | 6 | 132,488 | - | 32,807 | - | 165,295 |
| Total | | 132,488 | - | 32,807 | - | 165,295 |

Notes regarding Directors and executive emoluments:

- (1) Mr Bouris was a Director for the full year.
- (2) Mr Martin was a Director for the full year. Mr Martin is a Director of Shubrick Investments Pty Ltd. Transactions with Shubrick Investments are disclosed as part of related party transactions in the Financial Statements.
- (3) Dr Cumming was Chief Executive Officer for the full year.
- (4) Mrs Andersen was a Director for the full year.
- (5) Dr John Hurrell was a Director for the full year
- (6) Dr Maeji was the Chief Scientific Officer for the full year.

Performance Remuneration as a Proportion of Total Remuneration

No bonuses were paid to executives during the year.

Options Issued or Vested as Part of Remuneration for the Year Ended 30 June 2016

No options were issued to Directors during the year ended 30 June, 2016. 3,000,000 options belonging to Dr Geoff Cumming and 1,200,000 belonging to Dr Joe Maeji vested during the year.

DIRECTORS' REPORT

Options holdings

Number of options held by or at the nomination of Parent Entity Directors (who held office during the year) as at 30 June 2016.

| | Balance 1 Jul 15 | Granted as Remuneration | Options Lapsed | Options or Exercised | Sold | Net Change | Balance 30 Jun 16 | Total Vested 30 Jun 16 | Total Exercisable 30 Jun 16 |
|--------------------------------|---------------------|----------------------------|-------------------|-------------------------|----------|--------------------|----------------------|---------------------------|-----------------------------------|
| Parent Entity Directors | | | | | | | | | |
| M Bouris | 10,000,000 | - | 5,000,000 | - | - | (5,000,000) | 5,000,000 | 5,000,000 | 5,000,000 |
| G Cumming | 6,000,000 | - | - | - | - | - | 6,000,000 | 6,000,000 | 6,000,000 |
| R Martin | 7,600,000 | - | 1,600,000 | - | - | (1,600,000) | 6,000,000 | 6,000,000 | 6,000,000 |
| S Andersen | 6,000,000 | - | 3,000,000 | - | - | (3,000,000) | 3,000,000 | 3,000,000 | 3,000,000 |
| J Hurrell | 6,000,000 | - | - | - | - | - | 6,000,000 | 6,000,000 | 6,000,000 |
| | 35,600,000 | - | 9,600,000 | - | - | (9,600,000) | 26,000,000 | 26,000,000 | 26,000,000 |

Number of options held by or at the nomination of key management personnel (who held office during the year) as at 30 June 2016:

| | Balance 1 Jul 15 | Granted as Remuneration | Options Lapsed | Options or Exercised | Sold | Net Change | Balance 30 Jun 16 | Total Vested 30 Jun 16 | Total Exercisable 30 Jun 16 |
|-----------------------------|---------------------|----------------------------|-------------------|-------------------------|----------|------------|----------------------|---------------------------|-----------------------------------|
| Specified Executives | | | | | | | | | |
| J Maeji | 2,400,000 | - | - | - | - | - | 2,400,000 | 2,400,000 | 2,400,000 |
| | 2,400,000 | - | - | - | - | - | 2,400,000 | 2,400,000 | 2,400,000 |

Number of options held by or at the nomination of Parent Entity Directors (who held office during the year) as at 30 June 2015.

| | Balance 1 Jul 14 | Granted as Remuneration | Options Lapsed | Options or Exercised | Sold | Net Change | Balance 30 Jun 15 | Total Vested 30 Jun 15 | Total Exercisable 30 Jun 15 |
|--------------------------------|---------------------|----------------------------|-------------------|-------------------------|----------|-------------------|----------------------|---------------------------|-----------------------------------|
| Parent Entity Directors | | | | | | | | | |
| M Bouris | 5,000,000 | 5,000,000 | - | - | - | 5,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| G Cumming | 6,000,000 | - | - | - | - | - | 6,000,000 | 3,000,000 | 3,000,000 |
| R Martin | 3,000,000 | 6,000,000 | - | 1,400,000 | - | 4,600,000 | 7,600,000 | 7,600,000 | 7,600,000 |
| S Andersen | 3,000,000 | 3,000,000 | - | - | - | 3,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| J Hurrell | 3,000,000 | 3,000,000 | - | - | - | 3,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| | 20,000,000 | 17,000,000 | - | 1,400,000 | - | 15,600,000 | 35,600,000 | 32,600,000 | 32,600,000 |

Number of options held by or at the nomination of key management personnel (who held office during the year) as at 30 June 2015:

DIRECTORS' REPORT

| | Balance 1 Jul 14 | Granted as Remuneration | Options Lapsed | Options or Exercised | Sold | Net Change | Balance 30 Jun 15 | Total Vested 30 Jun 15 | Total Exercisable 30 Jun 15 | Total Unexercisable 30 Jun 15 |
|-----------------------------|---------------------|----------------------------|-------------------|-------------------------|--------------------|------------|----------------------|---------------------------|-----------------------------------|-------------------------------------|
| Specified Executives | | | | | | | | | | |
| J Maeji | 8,650,000 | - | - | 6,250,000 | (6,250,000) | | 2,400,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| | 8,650,000 | - | - | 6,250,000 | (6,250,000) | | 2,400,000 | 1,200,000 | 1,200,000 | 1,200,000 |

Options Outstanding as at 30 June 2016

| | Options Granted No. | Options Vested No. | Grant Date | Due Vesting Date | Value per Option AUD | Exercise Price AUD | Expiry Date |
|--------------|---------------------------|--------------------------|------------|------------------------|----------------------------|--------------------------|-------------|
| G Cumming | 6,000,000 | 6,000,000 | 31-10-13 | 31-10-16 | \$0.0062 | \$0.1200 | 31-10-17 |
| R Martin | 6,000,000 | 6,000,000 | 10-11-14 | Vested | \$0.0280 | \$0.2000 | 10-11-18 |
| M Bouris | 5,000,000 | 5,000,000 | 10-11-14 | Vested | \$0.0280 | \$0.2000 | 10-11-18 |
| S Andersen | 3,000,000 | 3,000,000 | 10-11-14 | Vested | \$0.0280 | \$0.2000 | 10-11-18 |
| J Hurrell | 3,000,000 | 3,000,000 | 31-10-13 | Vested | \$0.0062 | \$0.1200 | 31-10-17 |
| | 3,000,000 | 3,000,000 | 10-11-14 | Vested | \$0.0280 | \$0.2000 | 10-11-18 |
| J Maeji | 2,400,000 | 2,400,000 | 31-10-13 | 31-10-16 | \$0.0062 | \$0.1200 | 31-10-17 |
| Total | 28,400,000 | 28,400,000 | | | | | |

Shareholdings

Number of shares held by or at the nomination of Directors and key management personnel as at 30 June 2016:

| | Balance 1 Jul 15 | Received as Remuneration | Rights Issue Allotted | Purchased Non- Remuneration | Sold | Options Exercised | Net Change | Balance 30 Jun 16 |
|--------------------------------|---------------------|-----------------------------|-----------------------------|--------------------------------|----------|----------------------|------------------|----------------------|
| Parent Entity Directors | | | | | | | | |
| M Bouris | - | - | - | - | - | - | - | - |
| R Martin | 1,400,000 | - | 4,000,000 | - | - | - | 4,000,000 | 5,400,000 |
| G Cumming | 17,500,000 | - | 5,333,333 | - | - | - | 5,333,333 | 22,833,333 |
| S Andersen | - | - | - | - | - | - | - | - |
| J Hurrell | - | - | - | - | - | - | - | - |
| J Maeji | 12,565,781 | - | 750,000 | - | - | - | 750,000 | 13,315,781 |
| | 31,465,781 | - | 9,333,333 | - | - | - | 9,333,333 | 28,233,333 |

Employment contracts of Directors and senior executives

The executives of the entity are engaged on open-ended contracts that provide for termination by either party with notice. For Jef Vangenechten and Joe Maeji, the notice period is 6 months and 3 months respectively. There are no special termination provisions.

There are no terms in any of the above agreements that provide for changes to remuneration for future periods. The Nomination & Remuneration Committee may review these arrangements annually or as required.

This is the end of the audited Remuneration Report.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of Directors, 4 meetings of the Audit & Risk Committee and 3 meetings of the Nomination & Remuneration Committee were held. Attendances were as follows:

| Director Name | Director Meetings | | Audit & Risk Committee | | Remuneration & Nomination Committee | |
|----------------------|--------------------------|-----------------|-----------------------------------|-----------------|--|-----------------|
| | No eligible to attend | Number attended | No eligible to attend | Number attended | No eligible to attend | Number attended |
| M Bouris | 9 | 7 | | | 3 | 3 |
| R Martin | 9 | 9 | 4 | 4 | 3 | 3 |
| G Cumming | 9 | 9 | 4 | 4 | | |
| S Andersen | 9 | 9 | 4 | 4 | | |
| J Hurrell | 9 | 9 | | | 3 | 3 |
| R Sickman | 4 | 3 | | | | |

INDEMNIFYING OFFICERS OR AUDITOR

The Company's Constitution provides that the Company will indemnify officers of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

The Company has paid premiums to insure the Directors and officers against such liabilities that may arise. No premiums were paid for the auditors.

SHARE OPTIONS

At the date of this report, the un-issued ordinary shares of Anteo Diagnostics Limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|-------------------|-------------------|-----------------------------------|-----------------------------|
| | | AUD (Post consolidation value) | (Post consolidation number) |
| 15 August 2013 | 15 August 2017 | \$0.120 | 5,800,000 |
| 18 September 2013 | 18 September 2017 | \$0.120 | 2,400,000 |
| 31 October 2013 | 31 October 2017 | \$0.120 | 9,000,000 |
| 24 February 2014 | 24 February 2018 | \$0.250 | 1,000,000 |
| 16 April 2014 | 16 April 2018 | \$0.265 | 700,000 |
| 10 November 2014 | 10 November 2018 | \$0.200 | 17,000,000 |
| 4 February 2015 | 15 December 2018 | \$0.200 | 1,000,000 |
| 16 April 2015 | 16 April 2018 | \$0.135 | 1,400,000 |
| 3 March 2016 | 30 March 2019 | \$0.089 | 9,800,000 |
| | | | 48,100,000 |

All options are on Issue to Employees, Directors, consultants or investors. 26,000,000 options were on issue to Directors and 22,100,000 options to executives, employees, consultants and investors. The weighted average share price during the year was \$0.0698.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Non-audit services paid for consulting services to an associated firm of the external auditors during the year ended 30 June 2016 amounted to €85,369.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 48, which forms part of this report.

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



Mr Mark Bouris

Chairman

Dated this 30th day of September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|---|------|--------------------|--------------------|
| Sales revenue | 2 | 8,341,862 | 323,892 |
| Cost of sales | | (4,067,367) | - |
| Gross profit | | 4,274,495 | 323,892 |
| Other income | 2 | 1,387,820 | 1,377,885 |
| Selling and distribution expenses | | (2,121,466) | (1,239,989) |
| Occupancy expenses | | (450,978) | (12,042) |
| Administrative expenses | | (3,871,216) | (837,140) |
| Borrowing costs | | (532,228) | (3) |
| Research expenses | | (2,694,087) | (2,170,432) |
| Share based payments | | (36,590) | (380,984) |
| Loss before income tax | 3 | (4,044,250) | (2,938,813) |
| Income tax benefit (expense) | 4 | 45,561 | - |
| Loss after income tax | | (3,998,689) | (2,938,813) |
| Other Comprehensive Income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange difference on translating Australian operations | | (330,091) | (8,850) |
| Total Other Comprehensive Income for the period net of tax | | (330,091) | (8,850) |
| Total comprehensive income/(loss) for the period | | (4,328,780) | (2,947,663) |
| Basic loss per share (Euro cents) | 7 | (0.42) | (0.3) |
| Diluted loss per share (Euro cents) | 7 | (0.42) | (0.3) |

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

| | Note | 2016 € | 2015 € | 2014 € |
|--------------------------------------|------|-------------------|------------------|------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 8 | 2,522,170 | 3,574,829 | 4,883,041 |
| Trade and other receivables | 9 | 4,967,782 | 166,778 | 161,255 |
| Inventories | 10 | 3,400,838 | - | - |
| Other | 11 | 72,017 | 36,852 | 7,031 |
| TOTAL CURRENT ASSETS | | 10,962,807 | 3,778,459 | 5,051,327 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 12 | 15,374,119 | 370,848 | 243,459 |
| Intangible assets | 13 | 8,893,902 | - | - |
| Other financial assets | 14 | 5,209 | - | - |
| TOTAL NON-CURRENT ASSETS | | 24,273,230 | 370,848 | 243,459 |
| TOTAL ASSETS | | 35,236,037 | 4,149,307 | 5,294,786 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 15 | 3,158,465 | 237,524 | 193,582 |
| Financial liabilities | 16 | 7,547,311 | - | - |
| Provisions | 17 | 804,370 | 175,468 | 139,956 |
| TOTAL CURRENT LIABILITIES | | 11,510,146 | 412,992 | 333,538 |
| NON-CURRENT LIABILITIES | | | | |
| Financial liabilities | 16 | 10,107,839 | - | - |
| Provisions | 17 | 33,673 | 65,159 | 57,066 |
| Deferred tax liability | 18 | 4,268,993 | - | - |
| TOTAL NON-CURRENT LIABILITIES | | 14,410,505 | 65,159 | 57,066 |
| TOTAL LIABILITIES | | 25,920,651 | 478,151 | 390,604 |
| NET ASSETS | | 9,315,386 | 3,671,156 | 4,904,182 |
| EQUITY | | | | |
| Contributed equity | 19 | 36,961,415 | 28,395,667 | 27,039,160 |
| Convertible notes | 19 | 1,370,672 | - | - |
| Share option reserve | 19 | 501,753 | 676,683 | 319,803 |
| Foreign exchange reserve | | (160,701) | 169,390 | 178,240 |
| Accumulated losses | | (29,357,753) | (25,570,584) | (22,633,021) |
| TOTAL EQUITY | | 9,315,386 | 3,671,156 | 4,904,182 |

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

| | Ordinary Shares | Convertible Notes | Options | Accumulated Losses | Foreign Exchange | Total |
|--|--------------------|----------------------|----------------|-----------------------|---------------------|--------------------|
| | € | € | € | € | € | € |
| Balance at 30 June 2014 | 27,039,160 | - | 319,803 | (22,633,021) | 178,240 | 4,904,182 |
| Issued during the year | 1,333,653 | - | - | - | - | 1,333,653 |
| Conversion of employee options into shares | 22,854 | - | (22,854) | - | - | - |
| Reversal of lapsed share options | - | - | (1,250) | 1,250 | - | - |
| Transactions with owners as owners | 1,356,507 | - | (24,104) | 1,250 | - | 1,333,653 |
| Options expense for the period | - | - | 380,984 | - | - | 380,984 |
| Loss for the year | - | - | - | (2,938,813) | - | (2,938,813) |
| Other Comprehensive income | - | - | - | - | (8,850) | (8,850) |
| Total Comprehensive income | - | - | 380,984 | (2,938,813) | (8,850) | (2,566,679) |
| Balance at 30 June 2015 | 28,395,667 | - | 676,683 | (25,570,584) | 169,390 | 3,671,156 |
| Balance at 30 June 2015 | 28,395,667 | - | 676,683 | (25,570,584) | 169,390 | 3,671,156 |
| Issued during the year | 8,948,003 | 1,370,672 | - | - | - | 10,318,675 |
| Capital raising costs | (382,256) | - | - | - | - | (382,256) |
| Reversal of lapsed share options | - | - | (211,520) | 211,520 | - | - |
| Transactions with owners as owners | 8,565,747 | 1,370,672 | (211,520) | 211,520 | - | 9,936,420 |
| Options expense for the period | - | - | 36,590 | - | - | 36,590 |
| Loss for the year | - | - | - | (3,998,689) | - | (3,998,689) |
| Other Comprehensive income | - | - | - | - | (330,091) | (330,091) |
| Total Comprehensive income | - | - | 36,590 | (3,998,689) | (330,091) | (4,292,189) |
| Balance at 30 June 2016 | 36,961,415 | 1,370,672 | 501,753 | (29,357,753) | (160,701) | 9,315,386 |

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 | 2015 |
|--|-------------|---------------------|------------------|
| | | € | € |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers | | 7,469,167 | 324,166 |
| Receipts from government grants and rebates | | 1,178,693 | 1,189,814 |
| Payments to suppliers and employees | | (13,282,873) | (3,936,195) |
| Borrowing costs | | (223,108) | (3) |
| Interest received | | 55,657 | 96,413 |
| Net cash used in operating activities | 20 (i) | (4,802,464) | (2,325,805) |
| Cash Flows From Investing Activities: | | | |
| Payment for non-current assets | | (62,028) | - |
| Acquisition of subsidiary net of cash | | (5,293,452) | - |
| Payment for property, plant and equipment | | (477,534) | (237,035) |
| Net cash provided by investing activities | | (5,833,014) | (237,035) |
| Cash Flows From Financing Activities: | | | |
| Proceeds from share issues | | 8,363,413 | 1,333,652 |
| Proceeds from borrowings | | 561,080 | - |
| Capital raising costs | | (382,255) | - |
| Proceeds from issue of convertible notes | | 1,370,672 | - |
| Net cash provided by (used in) financing activities | | 9,912,910 | 1,333,652 |
| Net increase (decrease) in cash held | | (722,568) | (1,229,188) |
| Cash at start of year | | 3,574,829 | 4,883,041 |
| Foreign Exchange Adjustments | | (330,091) | (79,024) |
| Cash at end of year | 8 | 2,522,170 | 3,574,829 |

The financial statements should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of Anteo Diagnostics Limited and its controlled entities for the financial year ended 30 June 2016 comprises of Anteo Diagnostics Limited and its controlled entities (together referred to as the “Group”). Anteo Diagnostics Limited (the “parent”) is a listed public company incorporated in and domiciled in Australia.

The acquisition of DIAsource Immunoassay SA during the year (see Note 24) is a significant commercial, operational and financial change for the Group and its accounting treatment and its impact on accounting policies for the group has been carefully considered.

The Board of the parent entity has resolved to change the reporting currency used in these consolidated financial statements from the Australian dollar (\$) to the Euro (€). The reason for this change is that with the acquisition of DIAsource Immunoassay SA during the current year the activities and assets of the group now sit largely in Belgium. The comparatives shown in these consolidated financial statements are required to be restated in Euro, the new reporting currency. Accordingly, the date of adoption of the new reporting currency is 1 July 2013 being the commencement of the previous reporting period and as such the statement of financial position will be shown at 30 June 2014 as well as 30 June 2015 and 30 June 2016.

The consolidated financial statements are general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016. The financial report has been prepared on an accruals basis, except for cash flow information.

Presentation Currency

Following the acquisition of DIAsource Immunoassays SA in January 2016 the Board examined which currency that is most appropriate to report financial information. This decision was influenced by the native currency being the Australian Dollar and the Euro being the currency DIAsource conducts the majority of its business in. The Board decided that in recognition of significance of Euro Earnings, Assets and Liabilities that the foreign exchange variances converting to the Australian Dollar would result in material amounts and distort financial outcomes. The Board decided that it was in the best interests of all stakeholders for the reporting currency to be Euro.

This has required the group consolidated Balance Sheet to be restated in Euro for the financial years 30th June, 2014 and 2015 plus the Comprehensive Income Statement for 2015.

The Company has referred to the exchange rates published by the Reserve Bank of Australia for the years concerned. The Euro:Australian Dollar exchange rates used were for the Balance Sheet items the rate at the 30th June in the year concerned and for Income Statement items the average for the year unless an item was material in which case the rate on the day. The significant exchange rates were:

| Year | 30 th June Rate Euro:AUD | Year Average Euro:AUD |
|------|--|--------------------------|
| 2014 | 0.6906 | 0.6675 |
| 2015 | 0.6866 | 0.6963 |
| 2016 | 0.6699 | 0.6561 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Going Concern

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

During the year the Group acquired DIAsource Immunoassay SA, a Belgium based company (see note 24). This acquisition was partly funded by Vendor finance totalling €7,700,000 (see note 16). Vendor funding principal repayments of €1,925,000 plus an earn out estimated to be €3,445,398 (see note 24) are due in the 2017 financial year. The first repayment of €962,500 plus interest was made in July 2016. The second repayment and earn out are due in the first half of 2017. The payments can be met from all resources in the Group including those generated by DIAsource.

The Group reported a loss after income tax for the year of €3,998,689. A loss that included one off acquisition costs of €1,671,028, borrowing costs of €532,228 and research of €2,694,087. The statement of financial position at 30 June indicates current liabilities exceeded current assets by €547,339. Before the obligation to DIAsource vendors there was an excess of €4,823,059.

The Board is considering a number of strategies to further address the obligation to the DIAsource vendors and is in discussion with a number of parties, including Bergen Asset Management, the vendors, advisors and brokers concerning the capital it will require to fund these impending obligations as well as the Group's ongoing operational requirements over the next 12 months. Having assessed the different options available the Board is of the view that the Company can meet its obligations as and when they fall due. As at the 30th June 2016 the Group had €2,522,170 in cash reserves.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments with original maturities of three months or less.

(b) Comparatives

When required by accounting standards or accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of the services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Financial investments are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the profit or loss and other comprehensive income.

(e) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

On consolidation, assets and liabilities have been translated into Euro at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Income and expenses have been translated into Euro at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(f) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

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

(g) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 1(u) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses.

(h) Government grants

Government grants are assistance by the government in the form of transfers or resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs.

(i) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and intangible assets that have an indefinite useful life are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(k) Intangible assets

Patents, trademarks, licenses and business lines

Acquired patents are capitalised on the basis of the costs incurred to acquire the specific patent. Customer relationships, patents, business lines and other intangible assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see Note 24). Where these assets have a finite life they are amortised over their useful life.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, where applicable, as these assets are then considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1 (i).

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expense.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives.

(l) Overheads

The Company allocates overheads for the entity to its business cost centres. This procedure has been adopted in this period to more accurately represent operating costs of the economic entity.

(m) Payables

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Principles of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June even though DIAsource has a year-end date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(o) Property, plant and equipment and hybridomas

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment and leased assets. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

| | |
|--------------------------------|-----------|
| Buildings | 4% |
| Leasehold improvements | 10% - 50% |
| Plant and equipment | 5% - 40% |
| Furniture and office equipment | 10% - 40% |
| Leased plant and equipment | 20% |

The hybridomas is an antibody generating unit that does not have a definitive life. This asset is assessed for impairment at each reporting date.

(p) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the economic entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Rendering of services

Revenue for a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is not recognised until each milestone has been successfully completed under the terms of the contract.

Royalties, grants and licence fees

Royalty, grant and licence fee revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(r) Share-based payments

Share-based payments are measured at fair value at the date of grant. Fair value for options is measured by use of the Black Scholes and Hull White valuation models.

The fair value determined as at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the economic entity's estimate of shares that will eventually vest.

Terms and conditions of Share-based payments are set out in the remuneration report.

(s) New accounting standards and interpretations

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2016. Information on these new standards is presented below.

| Accounting Standards issued but not yet effective and not been adopted early by the Group | Impact on Group |
|---|---|
| AASB 9 Financial Instruments (December 2014) | The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. |
| AASB 15 Revenue from Contracts with Customers (replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations) | The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. |
| AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations | When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements. |
| AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation | When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements. |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | |
|--|---|
| AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements | When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements. |
| AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements. |
| AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle | When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements. |
| AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements. |
| AASB 16 Leases | This standard is to be adopted in the reporting year ending 30 June 2020 and replaces AASB 117. This entity is yet to undertake a detailed assessment of the impact of AASB 16 |

(t) Critical Accounting Estimates and Judgements

Key Estimates

Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets, specifically intangibles goodwill and other non-current assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Per AASB 136 value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Contingent consideration for the acquisition for DIAsource Immunoassay SA

The acquisition of DIAsource Immunoassay SA has an earn out component to the consideration payable (see note 24). As required in note 1(u) the group estimated the present value of this earn out at the date of acquisition based on probable outcomes of earn out milestones at that date and re-estimated at reporting date.

Fair value of acquisition assets and liabilities

The group identified all tangible and intangible assets and liabilities of the acquiree, DIAsource Immunoassay SA (see note 24) and assessed a fair value to each of these assets and liability at balance date.

Doubtful Debts

Trade Debtors and Other Receivables are assessed on a monthly basis for collectability. The terms, amount outstanding and payment record are assessed, along with customer communications. When it is determined that a payment is at risk future credit is restricted and action taken to recover the debt. These amounts are then classified as doubtful.

(u) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The fair value of assets is determined either by independent valuation from a qualified valuer or if this option is not available by the use of normal valuation methods including discounted cash flow, price earning multiples and historical comparables. When discounted cash flow was used as 12% discount rate was applied for a 5 year forecast using historical growth. Terminal value was determined with a long term growth of 3%, weighted cost of capital of 12%. A liquidity discount of 50% was applied to the calculated value.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(v) Inventories

Inventories are measured at the lower of cost and net realisable value. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling, marketing and distribution expenses. Inventory items are reassessed on expiry date. Any items that do not pass validation tests are scrapped.

| Note | 2016 | 2015 |
|------|------|------|
| | € | € |

2. REVENUE AND OTHER INCOME

Revenues from operating activities:

| | | |
|--------------------------------------|------------------|-----------|
| Sale of goods and services | 8,341,862 | 323,892 |
| Other income | | |
| R&D Tax Concession | 1,013,693 | 757,099 |
| Grants | 165,000 | 452,443 |
| Rent & Other | 38,437 | 75,004 |
| Profit on sale of non current assets | 33 | - |
| Interest - other corporations | 55,657 | 93,339 |
| Other income | 115,000 | - |
| Total other income | 1,387,820 | 1,377,885 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|--|------|------------------|------------------|
| 3. LOSS FROM ORDINARY ACTIVITIES | | | |
| The loss from ordinary activities before income tax expense has been determined after: | | | |
| <i>Depreciation of non-current assets:</i> | | | |
| Leasehold improvements | | 31,045 | 11,970 |
| Leased plant and equipment | | 84,130 | - |
| Buildings | | 221,413 | - |
| Plant and equipment | | 242,943 | 89,146 |
| Furniture, office equipment and software | | 29,325 | 11,892 |
| Total depreciation of non-current assets | | 608,856 | 113,008 |
| Borrowing costs: | | | |
| Interest, other persons | | 532,228 | 3 |
| | | 532,228 | 3 |
| Movements in provisions: | | | |
| Impairment of trade receivables | | 18,000 | - |
| | | 18,000 | - |
| Staff Remuneration | | | |
| Salaries | | 3,265,832 | 1,562,102 |
| Defined contribution superannuation | | 204,548 | 193,776 |
| Share Based Payments | | 36,590 | 380,984 |
| | | 3,506,970 | 2,136,862 |
| Operating lease rentals | | 222,104 | 225,920 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|--|------|-----------------|------------|
| 4. INCOME TAX EXPENSE | | | |
| (a) The prima facie income tax on the loss from ordinary income tax is reconciled as follows: | | | |
| Prima facie tax calculated at 30% on losses from ordinary activities | | (1,213,275) | (881,644) |
| Add/(deduct) tax effect of : | | | |
| - other deductible items | | (36,999) | (19,384) |
| - non-deductible items | | 38,367 | - |
| - options expensed for accounting purposes | | 10,977 | 114,295 |
| - Grants received | | (56,100) | - |
| - R&D tax incentive | | (304,882) | (227,130) |
| Timing differences not brought to account to the extent of income tax losses | | 1,516,350 | 1,013,863 |
| Income tax (benefit) attributable to ordinary activities | | (45,561) | - |
| Income Tax expense comprises | | | |
| Income tax attributable to ordinary activities | | 7,932 | - |
| Deferred tax expense/income | | (53,493) | - |
| Income tax expense (benefit) | | (45,561) | - |
| Weighted Average Effective Tax Rates | | | |
| | | - | - |
| (b) Deferred Tax Assets arising from income tax losses not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(j) occur | | | |
| | | 7,209,745 | 7,100,868 |
| Gross Income Tax Losses | | 24,032,483 | 23,669,559 |

(c) Deferred Tax Liabilities at 30 June 2016, a deferred tax liability of €4,268,993 (2015 nil) relating to assets acquired has been recognised. The Company controls whether the asset will be recovered or the liability will be incurred and it is satisfied that it will not be payable in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

(a) Directors and Key Management Personnel

Names and positions of Directors and key management personnel in office at any time during the financial year have been included in the Remuneration Report.

(b) Directors' Remuneration and Key Management Personnel

| | 2016 € | 2015 € |
|---------------------------------|----------------|----------------|
| Base Fee / Salary | 798,813 | 518,814 |
| Post Employment Super-annuation | 71,010 | 118,601 |
| Share Based Options | 17,086 | 331,460 |
| Total | 886,909 | 968,875 |

| Note | 2016 € | 2015 € |
|------|-----------|-----------|
|------|-----------|-----------|

6. AUDITORS' REMUNERATION

Remuneration of the auditors of the company for:

| | | |
|--|----------------|---------------|
| - Auditing or reviewing financial report | | |
| - Grant Thornton Audit Pty. Ltd | 47,412 | 39,619 |
| - Other auditors | 31,524 | - |
| - Diligence and accounting services | | |
| - Grant Thornton Audit Pty. Ltd | 48,840 | - |
| - Other auditors | 36,529 | - |
| | 164,305 | 39,619 |

7. EARNINGS PER SHARE (EPS)

| | # | # |
|---|-------------|-------------|
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS | 948,549,980 | 840,306,069 |

Options are considered to be potential ordinary shares. For the years ended 30 June 2016 and 2015. Their conversion to ordinary shares would have had the effect of reducing the loss per share. Accordingly the options were not included in the determination of diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 € | 2015 € |
|-------------------------------------|------------------|------------------|
| 8. CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 7,728 | 667 |
| Cash at bank | 2,111,548 | 3,493,143 |
| Deposits at call | 402,894 | 81,019 |
| | 2,522,170 | 3,574,829 |

9. TRADE AND OTHER RECEIVABLES

CURRENT

| | | |
|---|------------------|----------------|
| Trade debtors | 4,441,057 | 76,377 |
| Provision for impairment of receivables | (18,000) | - |
| | 4,423,057 | 76,377 |
| Other debtors | 544,725 | 90,401 |
| | 4,967,782 | 166,778 |

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

| 2016 | Net Amount | Past Due but not impaired (days overdue) | | | | Within initial trade |
|---------------|------------------|---|---------------|---------------|------------|----------------------------|
| | | < 30 | 31-60 | 61-90 | > 90 | |
| Trade Debtors | 4,423,057 | 963,998 | 87,489 | 96,350 | 300 | 3,274,920 |
| Other debtors | 544,725 | - | - | - | - | 544,725 |
| Total | 4,967,782 | 963,998 | 87,489 | 96,350 | 300 | 3,819,645 |
| 2015 | | | | | | |
| Trade Debtors | 76,377 | - | - | - | - | 76,377 |
| Other debtors | 90,401 | - | - | - | - | 90,401 |
| Total | 166,778 | - | - | - | - | 166,778 |

Allowance for Impairment of Receivables

Current trade receivables are non-interest bearing and the terms vary greatly depending on the customer. Allowance for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item.

At the time of acquisition of DIAsource a provision of €452,721 for doubtful debts by DIAsource existed, a further allowance of €18,000 for impairment was made during 2016 and 2015 the amount was nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10. INVENTORIES

| | Raw Materials € | Work in Progress € | Finished Goods € | Total € |
|------|-----------------------|--------------------------|------------------------|------------|
| 2016 | 992,407 | 316,187 | 2,092,244 | 3,400,838 |
| 2015 | - | - | - | - |

| | 2016 € | 2015 € |
|--|-----------|-----------|
|--|-----------|-----------|

11. OTHER ASSETS

CURRENT

| | | |
|-------------|---------------|---------------|
| Prepayments | 72,017 | 36,852 |
| | 72,017 | 36,852 |

| | 2016 € | 2015 € |
|--|-----------|-----------|
|--|-----------|-----------|

12. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--------------------------|------------------|----------|
| Land and buildings | 5,769,864 | - |
| Accumulated depreciation | (221,413) | - |
| | 5,548,451 | - |

| | | |
|------------------------------|------------------|----------------|
| Plant and equipment, at cost | 10,724,080 | 1,213,441 |
| Accumulated depreciation | (1,114,098) | (896,320) |
| | 9,609,982 | 317,121 |

| | | |
|---|----------------|---------------|
| Furniture and fittings, office equipment, at cost | 444,783 | 355,819 |
| Accumulated depreciation | (229,097) | (302,092) |
| | 215,686 | 53,727 |

| | | |
|--|-------------------|----------------|
| Total Property, Plant and Equipment | 15,374,119 | 370,848 |
|--|-------------------|----------------|

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year is as follows:

| | Land | Buildings | Plant and Equipment | Furniture and fittings, office equipment | Total |
|--|------------------|------------------|---------------------|--|-------------------|
| | € | € | € | € | € |
| Gross carrying amount | | | | | |
| Balance 1 July 2015 | - | - | 1,213,441 | 355,819 | 1,569,260 |
| Additions | - | 8,064 | 431,128 | 66,089 | 505,279 |
| Acquisition through business combination | 1,169,997 | 4,591,803 | 9,204,078 | 168,715 | 15,134,593 |
| Disposals | - | - | (124,567) | (145,839) | (270,406) |
| Balance 30 June 2016 | 1,169,997 | 4,599,867 | 10,724,080 | 444,783 | 16,938,727 |
| Depreciation | | | | | |
| Balance 1 July 2015 | - | - | (896,320) | (302,092) | (1,198,412) |
| Disposals | - | - | 109,296 | 133,365 | 242,661 |
| Depreciation and Amortisation | - | (221,413) | (327,074) | (60,370) | (608,856) |
| Balance 30 June 2016 | - | (221,413) | (1,114,098) | (229,097) | (1,564,608) |
| Carrying Amount 30th June 2016 | 1,169,997 | 4,378,454 | 9,609,982 | 215,686 | 15,374,119 |

Plant acquired on business combination includes the hybridomas in the amount of €7,493,774. The hybridomas do not have a finite life. It was assessed for impairment using normal valuation methods including discounted cash flow, price earning multiples and historical comparables. The discounted cash flow applied a 12% discount rate for a 5 year forecast using historical growth. Terminal value was determined with a long term growth of 3%. A liquidity discount of 50% was applied to the calculated value.

| 2015 | Furniture, Office Equipment | Plant and Equipment | Total |
|----------------------------------|-----------------------------|---------------------|----------------|
| | € | € | € |
| Carrying amount at start of year | 67,031 | 176,428 | 243,459 |
| Additions | 10,763 | 232,873 | 243,636 |
| Depreciation / amortisation | (23,862) | (89,146) | (113,008) |
| Foreign Exchange Adjustment | (205) | (3,034) | (3,239) |
| Carrying amount at end of year | 53,727 | 317,121 | 370,848 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|------------------------------|------|------------------|-----------|
| 13. INTANGIBLE ASSETS | | | |
| Business Lines | | 2,245,103 | - |
| Goodwill on Acquisition | 24 | 6,648,799 | - |
| | | 8,893,902 | - |

Goodwill

| | | | |
|---------------------------------------|--|-----------|---|
| Balance 1 July | | - | - |
| Acquired through business acquisition | | 6,648,799 | - |
| Balance 30 June | | 6,648,799 | - |

Business lines and goodwill were assessed for impairment using discounted cash flow, price earning multiples and historical comparables to assess value. The discounted cash flow applied a 12% discount rate for a 5 year forecast using historical growth. Terminal value was determined with a long term growth of 3%.

14. OTHER FINANCIAL ASSETS

| | | |
|--------------------------------|--------------|---|
| Investment in financial assets | 5,209 | - |
| | 5,209 | - |

15. TRADE AND OTHER PAYABLES

| | | |
|---------------------------------------|------------------|---------|
| Trade creditors | 2,091,889 | 155,976 |
| Sundry creditors and accrued expenses | 1,066,576 | 81,548 |
| | 3,158,465 | 237,524 |

All amounts are short term. The net carrying value of trade and other payables is considered a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | | 2016 | 2015 |
|----------------------------------|---|-------------------|----------|
| | | € | € |
| 16. FINANCIAL LIABILITIES | | | |
| CURRENT | | | |
| Financial Institutions | a | 1,996,543 | - |
| Deferred Consideration | b | 5,370,398 | - |
| Finance Leases | d | 180,370 | - |
| | | 7,547,311 | - |
| NON-CURRENT | | | |
| Deferred Consideration | b | 5,516,303 | - |
| Government Facility | c | 1,153,539 | - |
| Finance Leases | d | 3,437,997 | - |
| | | 10,107,839 | - |

a. Financial Institutions - DIAsource had several working capital facilities, including a facility for funding trade debtors. At 30 June the trade debtors facility was for a maximum of €1,500,000 of which €1,367,510 was drawn down. A further €400,000 in working capital facilities are secured by the assets of the business. Total working capital facilities drawn amounted to €1,996,543.

b. Deferred Consideration - Anteo has a loan from the DIAsource vendors, secured by the DIAsource shares, of €7,700,000 payable in semi annual installments. At year end the net amount outstanding amounted to €7,441,303. €1,925,000 of this liability is current.

The Share Purchase Agreement with the vendors of DIAsource provides for an Earn Out based on performance criteria relating to Sales of RIA and Vitamin D products and Gross Margin. At the time of purchase the Earn Out performance against the criteria was assessed and an Earn Out of €3,445,398 estimated.

c. Government Facility - DIAsource has a debt to the Walloon regional government of €1,153,539. This liability arose in relation to R&D funding and is payable when income is earned that relates to the purpose of the funding. Repayment is no more than 10% of income earned on products developed as a result of the funding in any one year. Because the loan is dependent on revenue it is assessed to be non-current

d. Leases - DIAsource has finance lease in place for its premises and some equipment. The total amount outstanding on the finance leases is set out below

| | Current | Non-current |
|-------------------|---------|-------------|
| | € | € |
| Land & Building | 75,308 | 3,050,079 |
| Plant & Equipment | 105,062 | 387,917 |

The land & building lease runs to January 2029 and has an option to acquire the freehold land and building for €1,500,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|-------------------------------------|-------|----------------|-----------|
| 17. PROVISIONS | | | |
| CURRENT | | | |
| Employee benefits | 17(a) | 804,370 | 175,468 |
| | | 804,370 | 175,468 |
| NON-CURRENT | | | |
| Employee benefits | 17(a) | 33,673 | 65,159 |
| | | 33,673 | 65,159 |
| (a) Aggregate employee benefits | | 838,043 | 240,627 |
| (b) Number of employees at year end | | 99 | 24 |

Provisions relate to employee benefits including holiday pay and long service required by law plus bonus payable in accordance with employee agreements.

At acquisition of DIAsource provisions amounting to €675,504 were accrued

18. DEFERRED TAX LIABILITY

| | Property Plant & Equipment | Business Lines | Total |
|------------------------------------|-------------------------------|----------------|------------------|
| | € | € | € |
| Balance 1 July 2015 | - | - | - |
| Recognised in Business Combination | 3,704,373 | 618,113 | 4,322,486 |
| Recognised in profit & loss | (53,493) | - | (53,493) |
| Balance 30 June 2016 | 3,650,880 | 618,113 | 4,268,993 |

| | Note | 2016 € | 2015 € |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

19. CONTRIBUTED EQUITY AND RESERVES

19 (a). CONTRIBUTED EQUITY ORDINARY SHARES

| | | |
|---------------------------------------|------------|------------|
| Closing balance contributed equity | 36,961,415 | 28,395,667 |
| Balance at beginning of year: | | |
| Opening balance contributed equity | 28,395,667 | 27,039,160 |
| Shares issued during the year: | | |
| Issue of shares | 8,948,003 | 1,356,507 |
| Costs associated with share issues | (382,255) | - |
| Balance at the end of year | | |
| Closing balance contributed equity | 36,961,415 | 28,395,667 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 | 2015 |
|---|------|----------------------|----------------|
| | | € | € |
| 19 (b). CONVERTIBLE SECURITIES | | | |
| Closing balance convertible securities | | 1,370,672 | - |
| Balance at beginning of year: | | | |
| Opening balance convertible securities | | - | - |
| Notes issued during the year: | | 1,370,672 | - |
| Issue of securities | | | |
| Balance at the end of year | | | |
| Closing balance contributed equity | | 1,370,672 | - |
| On 3 March 2016 1,780,000 Convertible notes with a face value of USD1 each convertible at 92% of the lowest 5 VWAP of shares for the 20 trading days prior to conversion. | | | |
| 19 (c). SHARE OPTIONS | | | |
| Closing balance stock option reserve | | 501,753 | 676,683 |
| Balance at beginning of year: | | | |
| Opening balance options | | 676,683 | 319,803 |
| Options movements during the year: | | | |
| Options expensed | | 36,590 | 380,984 |
| Lapsed Options | | (211,520) | (1,250) |
| Exercised Options | | - | (22,854) |
| Balance at the end of year | | | |
| Closing balance share options | | 501,753 | 676,683 |
| Securities analysis | | Numbers | Numbers |
| Ordinary shares at the beginning of reporting period | | 857,314,493 | 831,689,493 |
| Shares issued during the period | | 192,873,909 | 25,625,000 |
| Fully paid ordinary shares at reporting date | | 1,050,188,402 | 857,314,493 |
| Options on Issue at the beginning of reporting period | | 58,750,000 | 49,498,966 |
| Options issued during the period | | 9,800,000 | 24,250,000 |
| Options converted or lapsed during the period | | (20,450,000) | (14,998,966) |
| Options on Issue at reporting date | | 48,100,000 | 58,750,000 |

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year 19,100,000 options with an exercise price of AUD12c, 850,000 of AUD13.5c and 500,000 of AUD26.5c lapsed

Between 24 December 2015 and 1 March 2016 the Company issued 180,724,753 ordinary shares from an entitlement offer and placement at \$0.075 each.

On 3 March 2016 the Company issued 12,149,156 ordinary shares to Bergen Global Opportunity Fund LP in accordance with the investment agreement.

On 3 March 2016 the Company issued 9,800,000 options with an exercise price of AUD8.9c each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Capital Management

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

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

There are no externally imposed capital requirements.

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

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

| | Note | 2016 | 2015 |
|--------------------------------|-------------|--------------------|-------------|
| | | € | € |
| Total Payables | 15, 16 | 20,813,615 | 237,524 |
| Less Cash and Cash Equivalents | 8 | (2,522,170) | (3,574,829) |
| Net Cash Deficit (Surplus) | | 18,291,445 | (3,337,305) |
| Total Equity | | 9,315,386 | 3,671,156 |
| <hr/> | | | |
| Gearing Ratio | | 196% | N/A |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 € | 2015 € |
|---|------|--------------------|-------------|
| 20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| i. Cash Flows from operating activities: | | | |
| Net loss | | (3,998,689) | (2,938,813) |
| Non-cash items: | | | |
| Depreciation and Amortisation | 3 | 608,856 | 113,008 |
| (Profit) / Loss on disposal of non current assets | | 33 | - |
| Other Income | | (115,000) | - |
| Share based remuneration | | 36,590 | 380,984 |
| Borrowing Costs | | 409,120 | - |
| Changes in assets and liabilities: | | | |
| Decrease / (increase) in receivables | | (911,165) | (5,523) |
| Decrease / (increase) in inventory | | (529,498) | - |
| Decrease / (increase) in other current assets | | (18,388) | (29,821) |
| (Decrease) / increase in trade creditors and accruals | | (88,998) | 43,942 |
| (Decrease) / increase in provisions | | (141,832) | 43,606 |
| Foreign Exchange Adjustment | | - | 66,812 |
| (Decrease) / Increase in Deferred Tax Liability | | (53,493) | - |
| Net cash flows from operations | | (4,802,464) | (2,325,805) |

- ii. For the purpose of this statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, as shown in Note 8.

21. SEGMENT REPORTING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The economic entity operates in the life sciences sector. Prior to the acquisition of DIAsource there was only one business segment. The Company identifies two operating segments based geographically in Australia and Belgium. Each of these operating segments is managed separately because of their geographical locations, focus and technologies.

| Segment | Australia | Belgium | Unallocated | Total |
|--|------------------|----------------|--------------------|--------------|
| | € | € | € | € |
| Revenue | 1,354,021 | 8,068,056 | 307,606 | 9,729,683 |
| Revenue from other segments | 175,000 | - | - | 175,000 |
| Depreciation of non-current financial assets | 130,792 | 318,883 | 159,182 | 608,856 |
| Interest Expense | - | 159,558 | 372,670 | 532,228 |
| Segment operating profit/(loss) | (1,676,075) | 783,191 | (3,151,367) | (4,044,250) |
| Income Tax | - | 7,932 | (53,493) | (45,562) |
| Segment assets | 1,784,671 | 14,017,945 | 19,433,422 | 35,236,037 |
| Segment liabilities | 338,784 | 9,532,440 | 16,049,428 | 25,920,651 |

The Group's unallocated costs and assets are not distributed to any segment. The differences in values between the total of the operating segments and those reported by the economic entity arise on consolidation or are corporate related incurred by the holding company.

22. RELATED PARTY TRANSACTIONS

Shubrick Investments Pty Ltd

Richard Martin is a Director of Shubrick Investments Pty Ltd. During the year, Shubrick Investments Pty Ltd invoiced the Company for the following services.

- Director's fees – €32,802 (2015: €34,820). Note these amounts are included in Directors Remuneration in the Director's Report.
- Fees for Chief Financial Officer services - €117,958 (2015: €119,703).

Andersen & York Financial Consulting Pty. Ltd

Sandra Andersen is a Director of Andersen & York Financial Consulting Pty Ltd. During the year, Andersen & York Financial Consulting Pty Ltd invoiced the Company for the following services.

- Consulting Services - €54,132 (2015: nil). Note these amounts are included in Directors Remuneration in the Director's Report.

Share Transactions of Directors - Directors and Director-related entities holding shares directly, indirectly or beneficially as at the reporting have the equity interests set out in the remuneration report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23. CAPITAL AND LEASING COMMITMENTS

The Economic entity has an operating lease for the premises in Australia. There are finance leases for the premises and some plant & equipment in Belgium that are set out in note 16.

| | Note | 2016 € | 2015 € |
|---|------|----------------|----------------|
| (a) Operating Lease Commitments | | | |
| Payable: | | | |
| - Not later than one year | | 224,148 | 221,182 |
| - Later than one year and not later than five years | | 82,731 | 313,417 |
| | | 306,879 | 534,599 |

| | | | |
|---|--|-----------|---|
| (b) Finance Lease Commitments | | | |
| - Not later than one year | | 539,678 | - |
| - Later than one year and not later than five years | | 1,687,135 | - |
| - Later than five years | | 3,950,000 | - |
| Total finance lease commitments | | 6,176,813 | - |
| Total future financing commitments | | 2,558,446 | - |
| Lease Liability | | 3,618,367 | - |

| | | | |
|---|--|---------------|---------------|
| (c) Operating Lease Receivables | | | |
| Receivable: | | | |
| - Not later than one year | | 36,370 | 14,091 |
| - Later than one year and not later than five years | | 12,123 | - |
| | | 48,493 | 14,091 |

The finance lease for the DIAsource premises at Louvain la Neuve, Belgium finishes in January, 2029. The lease is subject to contingent rentals. In the reporting period €19,432 was paid in excess of minimum lease payments and financing costs in respect of contingent rentals.

24. ACQUISITIONS AND DISPOSALS

On 11 January, 2016 the Group acquired 100% of the equity instruments of DIAsource Immunoassays SA ('DIAsource'), a Belgian based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the IVD and Life Sciences markets and provide a platform for Anteo products and technology in Europe. DIAsource is a significant business and provides complimentary facilities and capabilities in the Group's target markets.

The Group has provisionally recognised the identifiable assets and liabilities of DIAsource based upon the best information available as of the reporting date. Provisional business combination accounting is as follows.

| | |
|--|-------------------|
| Fair value of consideration transferred | € |
| Amount settled in cash | 7,722,341 |
| Deferred Payment | 7,700,000 |
| Fair value of contingent consideration | 3,445,398 |
| Total | 18,867,739 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Recognised amounts of identifiable net assets

| | |
|---------------------------------|-------------------|
| Property, plant and equipment | 15,134,593 |
| Non-current Financial Assets | 21,986 |
| Intangible assets | 2,183,075 |
| Total non-current assets | 17,339,654 |

| | |
|-----------------------------|------------------|
| Inventories | 2,871,340 |
| Trade and other receivables | 3,889,839 |
| Cash and cash equivalents | 2,428,890 |
| Total current assets | 9,190,069 |

| | |
|---------------------|-------------------|
| Total Assets | 26,529,723 |
|---------------------|-------------------|

| | |
|--------------------------------------|------------------|
| Borrowings | 4,314,542 |
| Deferred tax liabilities | 4,322,486 |
| Total non-current liabilities | 8,637,028 |

| | |
|----------------------------------|------------------|
| Provisions | 739,248 |
| Borrowings | 1,924,601 |
| Trade and other creditors | 3,009,906 |
| Total current liabilities | 5,673,755 |

| | |
|--------------------------|-------------------|
| Total Liabilities | 14,310,783 |
|--------------------------|-------------------|

| | |
|-------------------------|------------|
| Identifiable net assets | 12,218,940 |
| Goodwill on Acquisition | 6,648,799 |

| | |
|--|-------------------|
| Consideration recognised at acquisition | 18,867,739 |
|--|-------------------|

| | |
|---------------------------------------|-----------|
| Acquisition costs charged to expenses | 1,135,688 |
|---------------------------------------|-----------|

Acquisition consideration

The acquisition of DIAsource was for a total consideration of €15,422,341 of which €7,722,341 was paid in cash.

The purchase agreement included an Earn Out of up to €7,266,000 payable only if sales and gross margin targets are met. The additional consideration is expected to be paid in April 2017 following receipt of the audited financial statements of DIAsource for the year to 31 December, 2016.

The €3,445,398 fair value of the contingent consideration initially recognised represents the present value of the Group's probability weighted estimate of the consideration. It reflects management's estimate of the likelihood that the different Earn Out parameters will be met.

Acquisition related costs amounted to €1,135,688 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income as part of administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

At the time of entering into the purchase agreement Anteo had an independent appraisal undertaken by a professionally qualified valuer. The value range for DIAsource was €17,311,000 to €21,077,000 with a mid-point of €19,194,000

| | € |
|---|-----------|
| Consideration transferred in cash | 7,722,341 |
| Cash and cash equivalents acquired | 2,428,890 |
| Net cash outflow on acquisition | 5,293,451 |
| Acquisition costs charged to expenses | 1,135,688 |
| Net cash paid relating to the acquisition | 6,429,139 |

Identifiable net assets

Fair value of the assets acquired were assessed in the following manner

- property and building - appraisal performed by independent, professionally qualified property valuer.
- plant and equipment - appraisal performed by independent, professionally qualified valuer.
- plant and equipment - hybridomas - assessment included discounted cash flow analysis of annual production and cost of acquiring antibody production from 3rd parties
- intangible assets - assessment included discounted cash flow analysis of annual revenue and profitability of acquired product lines
- inventory - appraisal of inventory costing and assessment of stock redundancy methods.
- trade and other receivables - appraisal of the collectability of amounts outstanding. The amount acquired as part of the consideration transferred was €3,536,405, with a gross contractual amount of €4,000,126.

Deferred Tax Liability

All assets that have a fair value adjustment on combination are required to have a deferred tax liability recognised. An amount of €4,322,486 is brought to account at the Belgian corporate tax rate of 34%. The Company controls the fair valued assets and does not consider there is a likelihood of tax being payable on these assets in the foreseeable future.

Goodwill

Goodwill of €6,648,799 is primarily related to the sales and distribution network of DIAsource combined with the know-how of the management team.

DIAsource Contribution to the Group Results

Refer to Belgian segment in note 21. DIAsource had previously had an annual reporting date of 31 December, for this reason there are no audited results for the six month to 31 December, 2015.

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans from banks and other third parties and loans to and from subsidiaries.

The main purpose of non-derivative financial instruments is to finance for Group operations. There are no derivatives used by the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

i. Treasury Risk Management

The senior management of the Group regularly analyse the financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The management strategy seeks to assist the economic entity in meeting its financial targets, whilst minimising potential adverse effects on the financial performance.

The senior management operates under policies approved by the Board of Directors, risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest Rate Risk

The exposure of the Group to interest rate risk relates to its exposure to interest rate fluctuations on cash assets and borrowing from financial institutions. There is limited interest rate risk on the loan from the DIAsource vendors as it is at a fixed interest rate.

Foreign Currency Risk

The economic entity has exposure to risks from movements in foreign exchange rates most particularly between the Euro and Australian Dollar as a result of the loan from the DIAsource vendors. The Euro:Australian dollar exchange rate has remained within a range of 3.5% since 2013, this exchange rate is not hedged. The operating businesses denominate their transactions either in their native currency or the United States dollar. The amount of sales and purchases in these currencies serve to naturally reduce risk. There are no material financial assets and liabilities denominated in currencies other than AUD, Euro or USD. The Group does not participate in any type of hedging transaction or derivatives.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

Trade debtors that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

(b) Financial Instruments

i. Net Fair Values

For all financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

ii. Financial Instruments composition and maturity analysis

The tables below reflect the settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

Trade and sundry payables are expected to be paid as follows:

| | Note | 2016 | 2015 |
|---|------|------------------|----------------|
| | | € | € |
| Trade and Sundry Payables are expected to be paid as follows: | | | |
| - Less than 6 months | | 3,158,465 | 237,524 |
| | | 3,158,465 | 237,524 |

| Consolidated Group | Weighted average effective interest rate | | Floating interest rate | | Fixed interest rate maturing | | | | Non-interest Bearing | | Total | |
|-----------------------------|--|--------|------------------------|-----------|------------------------------|--------|----------------------|--------|----------------------|---------|------------|-----------|
| | 2016 % | 2015 % | 2016 € | 2015 € | Within 1 year 2016 € | 2015 € | 1 to 20 years 2016 € | 2015 € | 2016 € | 2015 € | 2016 € | 2015 € |
| Financial Assets | | | | | | | | | | | | |
| Cash | 0.50% | 3.50% | 2,522,170 | 3,574,829 | - | - | - | - | - | - | 2,522,170 | 3,574,829 |
| Receivables | 0.00% | 0.00% | - | - | - | - | - | - | 4,967,782 | 166,778 | 4,967,782 | 166,778 |
| Other Financial Assets | | | - | - | - | - | - | - | 5,209 | - | 5,209 | - |
| Total Financial Assets | | | 2,522,170 | 3,574,829 | - | - | - | - | 4,972,992 | 166,778 | 7,495,161 | 3,741,607 |
| | | | | | | | | | | | | |
| Financial Liabilities | | | | | | | | | | | | |
| Payables | 0.00% | 0.00% | - | - | - | - | - | - | 3,158,465 | 237,524 | 3,158,465 | 237,524 |
| Deferred Consideration | 8.00% | 0.00% | - | - | 1,925,000 | - | 5,516,303 | - | 3,445,398 | - | 10,886,701 | - |
| Financial Institutions | 1.00% | 0.00% | - | - | 1,996,543 | - | - | - | - | - | 1,996,543 | - |
| Government Facility | 0.00% | 0.00% | - | - | - | - | - | - | 1,153,539 | - | 1,153,539 | - |
| Finance leases | 7.50% | 0.00% | - | - | 180,370 | - | 3,437,997 | - | - | - | 3,618,367 | - |
| Total Financial Liabilities | | | - | - | 4,101,913 | - | 8,954,300 | - | 7,757,402 | 237,524 | 20,813,615 | 237,524 |

No interest bearing loans have a floating rate these loans are set out in note 16.

iii. Sensitivity Analysis

Interest Rate Risk

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

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate of 1% on floating rate financial instruments would have been €25,221, with all other variables remaining constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

26. CONTROLLED ENTITIES AND PARENT ENTITY DISCLOSURES

| | Location | 2016 | 2015 |
|---|----------|-------------------|-------------------|
| Parent entity: | | | |
| • Anteo Diagnostics Limited | Aust | | |
| Subsidiaries: | | | |
| • Anteo Technologies Pty Limited (Formerly Bio-Layer Pty. Limited) | Aust | 100% | 100% |
| • Anteo Energy Pty. Limited | Aust | 100% | 100% |
| • Aged Care Diagnostics Pty Limited | Aust | 100% | 100% |
| • DIAsource Immunoassays SA | Belgium | 100% | Nil |
| • DIAsource IBERIA SL | Spain | 100% | Nil |
| | | 2016 | 2015 |
| | | € | € |
| Result of the Parent Entity | | | |
| Net Loss | | 2,840,744 | 1,139,724 |
| Financial Position of Parent Entity | | | |
| Current assets | | 11,234,601 | 11,536,404 |
| Non current assets | | 18,391,182 | 2,540,421 |
| TOTAL ASSETS | | 29,625,783 | 14,076,824 |
| CURRENT LIABILITIES | | | |
| Current liabilities | | 2,102,276 | 87,702 |
| Non current liabilities | | 6,678,296 | - |
| TOTAL LIABILITIES | | 8,780,572 | 87,702 |
| NET ASSETS | | 20,845,211 | 13,989,122 |
| EQUITY | | | |
| Contributed equity | | 53,547,608 | 43,786,118 |
| Accumulated losses | | (32,557,054) | (29,716,309) |
| Foreign Exchange Reserve | | (145,343) | (80,686) |
| TOTAL EQUITY | | 20,845,211 | 13,989,122 |

27. AFTER BALANCE DATE EVENTS

At the time of issuing this report the following events had occurred post Balance Date.

- Issued a convertible note for USD500,000 to Bergen Global Asset Management Inc on 4 July, 2016 in accordance with the agreement with them.
- Remitted an instalment of €1,108,969 to the vendors of DIAsource by 11 July, 2016 in accordance with the purchase agreements.
- Issued 83,741,179 ordinary shares in full satisfaction of all outstanding convertible notes on 1 August and 21 August, 2016. At the time of entering into the agreement with Bergen Asset Management Inc the conversion rate of the shares was \$0.058 at the time of issue the conversion rates were \$0.035 and \$0.036 respectively.
- Received AUD2,061,302 in R&D Tax Incentive in relation to the year ended 30 June, 2016.

The financial report was authorised for issue on the 30 September 2016 by the Board of Directors.

28. COMPANY DETAILS

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

4/26 Brandl Street
Eight Mile Plains QLD 4113

DIRECTORS' DECLARATION

The Directors of Anteo Diagnostics Limited declare that:

- 1) The financial statements and notes, as set out on pages 14 to 46 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2016 and of the financial performance for the year ended on that date of the Consolidated Entity,
- 2) The Chief Executive Officer and the Chief Financial Officer have declared that :
 - a) The financial records for the economic entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) The financial statements and notes for the financial year give a true and fair view.
- 3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable having regard to the disclosures made in Note 1 to the financial statements.
- 4) Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors



Mr Mark Bouris
Chairman
Dated this 30th day of September 2016



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**Auditor's Independence Declaration
To the Directors of Anteo Diagnostics Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Anteo Diagnostics Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "Cameron Smith".

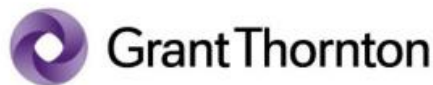
CDJ Smith
Partner - Audit & Assurance

Brisbane, 30 September 2016

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANTEO DIAGNOSTICS LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Anteo Diagnostics Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

- a the financial report of Anteo Diagnostics 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 2016 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 the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity requires additional funding to be raised in the debt or equity markets, or for existing debt arrangements to be renegotiated, to ensure the consolidated entity has sufficient working capital levels for its ongoing needs and to continue as a going concern. These conditions, along with other matters as set forth in Note 1, may cast significant doubt as to whether the consolidated entity will be able to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Auditor's Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Anteo Diagnostics Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in purple ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in purple ink that reads "Cameron Smith".

CDJ Smith
Partner - Audit & Assurance

Brisbane, 30 September 2016

ADDITIONAL ASX INFORMATION

SHAREHOLDINGS AS AT 28 SEPTEMBER 2016

Distribution of shareholdings:

| Holding From | Holding To | No. of Holders | Total Shares Held | % |
|----------------------|-------------------|-----------------------|--------------------------|----------------|
| 1 | 1,000 | 1,042 | 449,961 | 0.040 |
| 1,001 | 5,000 | 545 | 1,543,997 | 0.136 |
| 5,001 | 10,000 | 401 | 3,189,030 | 0.281 |
| 10,001 | 100,000 | 1,580 | 66,091,406 | 5.829 |
| Holdings larger than | 100,000 | 1,103 | 1,062,655,187 | 93.714 |
| TOTAL | | 4,671 | 1,133,929,581 | 449,961 |

Voting rights:

In accordance with the Company's constitution, the following rights to vote apply to members holding ordinary shares:

- (a) On a show of hands every member present in person or by proxy or attorney or representative will have one vote; and
- (b) on a poll every member present in person or by proxy, attorney or representative will have one vote for each fully paid share held.

Holdings less than a Marketable Parcel:

As defined by the ASX Listing Rules a marketable parcel is a parcel of securities of not less than \$500 in value based on the closing price on SEATS the date before the issue of the notice. At the date of this report, in relation to ordinary shares in the Company, a marketable parcel equates to 5,660 ordinary shares. The number of shareholders holding less than a marketable parcel and the number of shares held by them were as follows:

| | |
|--|-----------|
| No. of holders holding less than a marketable parcel | 1,870 |
| No. of shares held | 4,007,357 |

Names and details of substantial shareholders

The following is a listing of Substantial Shareholders as at 21th August 2015.

| Name of Substantial Shareholder | Shares held | % of Total Shares |
|--|--------------------|--------------------------|
| First Cape Management Pty Ltd <FCM Unit A/c> | 167,624,724 | 14.8 |
| Bergen Global Opportunity Fund LP | 84,079,041 | 7.4 |
| David Sietsma | 63,900,000 | 5.6 |

ADDITIONAL ASX INFORMATION

Top 20 shareholders

The following is a listing of the 20 largest shareholders at 28 September 2016 together with the number of shares held and the percentage of total shares held.

| Shareholder | Shares Held | % |
|---|--------------------|---------------|
| Bnp Paribas Noms Pty Ltd | 84,079,941 | 7.415% |
| Masali Pty Ltd | 46,900,000 | 4.136% |
| First Cape Management Pty Ltd | 41,587,703 | 3.668% |
| Austcorp No 190 Pty Ltd | 26,427,779 | 2.331% |
| Bt Portfolio Services Limited <Jamelys Super Fund A/C> | 22,833,333 | 2.014% |
| Nimrod Finance Limited | 19,867,574 | 1.752% |
| Mr Ian Noble & Mrs Annette Noble <Noble Family Retire Fund A/C> | 18,898,333 | 1.667% |
| Sietsma Holdings Pty Ltd <The Sietsma Super Fund A/C> | 17,000,000 | 1.499% |
| Sisters Palm Beach Pty Ltd <The Sisters A/C> | 15,600,000 | 1.376% |
| Hsbc Custody Nominees (Australia) Limited | 11,254,226 | 0.992% |
| Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C> | 10,889,542 | 0.960% |
| Computer Visions Pty Ltd <Visionary Invests S/F A/C> | 9,172,427 | 0.809% |
| J P Morgan Nominees Australia Limited | 9,141,149 | 0.806% |
| Mr Thomas David Cumming | 8,000,000 | 0.706% |
| Growsmart Super Fund Pty Ltd <Growsmart S/F A/C> | 7,990,000 | 0.705% |
| Rmft Pty Ltd <Rodney Mcrae Family A/C> | 7,666,667 | 0.676% |
| Diamond Rock Pty Ltd | 7,510,001 | 0.662% |
| Mrs Mary Curtis | 7,500,000 | 0.661% |
| Marcolongo Nominees Pty Ltd <Marcolongo Family A/C> | 7,200,000 | 0.635% |
| Mr Peter Frederick Kemmis | 6,901,500 | 0.609% |
| Total Top 20 Shareholders | 386,420,175 | 34.078 |

On-market buy-back There is currently no proposal to undertake an on-market buy-back of the Company's securities.

Company Secretary: Mr Richard Martin

Company Registered Office: 4/26 Brandl Street,
Eight Mile Plains QLD 4113
(07) 3219 0085

Share Registry: Boardroom Pty Limited
Level 7, 207 Kent Street,
Sydney. NSW 2000
1300 737 760

Stock Exchange Listing: The Company's securities are quoted on the official list of the ASX.
The ASX listing code for the Company's securities is:
Ordinary shares - ADO

ADDITIONAL ASX INFORMATION

Unquoted Securities:

(a) *Employee Option Plan*

The Employee Option Plan last approved by shareholders on 30 October 2014, provides that employees may be issued options to acquire shares in the Company. These options are not quoted on the Australian Stock Exchange. As at 30 September 2016 the total number of Options issued under the Employee Option Plan was 14,300,000 held by eighteen holders.

(b) *Other Unlisted Options*

The following unlisted options to acquire ordinary shares are on issue as at 30 September 2016:

| | |
|--|-------------------|
| Options issued to the vendors of Bio-Layer | 9,800,000 |
| Options issued to Directors | 26,000,000 |
| Total other unlisted options to acquire ordinary shares | 35,800,000 |

(c) *Unquoted shares*

There were nil unquoted fully paid ordinary shares as at 30 September 2016.