

29 November 2011

## ANALYTICA LIMITED

### CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Welcome to Analytica Limited's Annual General Meeting for the year ended 30 June 2011.

As you all realise Analytica is currently in the middle of a rights issue. This is the first capital raising that Analytica has done since July 2009.

Although the costs of the company have been wound down as tightly as possible as well as all directors undertaking management duties, Analytica needs further capital until sales of our products are sufficient to cover our operating and development costs. The choice was made to delay a capital raising by operating the company on debt, extended by myself, to provide time for sales to increase, which we believed would reflect in the share price.

We did not want to do a capital raising at a valuation that your directors felt does not truly reflect that actual worth of your company.

That time delay has been longer than expected and we suspect the share price has been impacted by the investment market anticipating a pending capital raising.

We are very aware of the diluting effect of any capital raising at such so low valuations. Therefore, in order to reduce the dilution to a minimum in the current capital raising, we have set the rights issue at 2 cents with each share applied for having attached 2 options, one at 4 cents in 9 months and the second option at 8 cents in 18 months time. By doing this we expect to raise \$2.76 million at 2 cents, and potentially \$5.52 million at 4 cents in 9 months time and \$11.04 million at 8 cents in 18 months time. These options will all be listed so that all shareholders who apply for shares will be able to trade the options if they do not have the cash to convert these options to shares when they fall due.

I also would like to state that your directors each intend to take up their maximum allocation under the rights issue, but on top of this, we have also underwritten an extra \$900,000 in case there is a shortfall.

Your directors hope that this show of support of the company by the directors will send a clear and loud message to the market that your directors have great expectations that our burette technology will shortly be successful in the global burette market. A market that is estimated to be worth \$3.3 billion.

The capital raising has been extended to close on 9<sup>th</sup> December 2011, as some shareholders only received their rights application form last week. The directors of Analytica believe strongly in the company's future. We hope you support this rights issue, to permit the company to meet its operating costs and its product development timetable.

The loss for the year was \$203,176, as against a loss of \$1,287,837 for the year to June, 2010, a decrease on the loss for the 2010 year of \$1,084,661. The Board plays an active role in the operations of the Company and I can assure shareholders that their funds are applied wisely.

The 12 months through to 30 June 2011 have presented your company with a number of challenges however this year Analytica achieved 2 significant milestones with the AutoStart Burette, which has been renamed First Flow.

On the 12th May, 2011 Analytica Limited (ASX:ALT) and Medical Australia Limited announced a Supply Agreement with the New South Wales Ambulance Service and that the first order has been completed under the distribution agreement signed in April 2010.

NSW Ambulance Service has placed an ongoing order for our First Flow Burette and these devices will be carried by all NSW ambulances across the state. The significance of this order, other than identifying the strength of the device, is that in time all NSW hospitals will be exposed to the First Flow Burette in a clinical setting.

This contract represents an excellent starting point for the commercialisation of this technology. Having our First Flow Burette aboard ambulances provides excellent exposure of the device to clinicians and nurses across the state as patients arrive at emergency wards with the device connected.

The second achievement is the successful evaluation by Concord Hospital in Sydney of the First Flow burette. Since that success the Medical Australia team have been retraining nursing staff to exploit the features of the device. Concord is a prestigious teaching hospital which gives a huge boost to the bona fides of the First Flow. This uptake hospital wide recognises the fact that the First Flow Burette adopted by Concord Hospital is based purely on increased clinical efficiencies and patient safety and is now recognised as a far safer, more cost effective replacement for the currently used standard burettes.

Concord Hospital also represents an excellent reference site for the ongoing commercialisation of this technology.

As previously announced the design of the First Flow has been improved to incorporate features to reduce cost of production and increase safety and reliability. Although these design alterations delayed supply these changes allowed the current production to be effectively scaled up to meet demand from increasing evaluation trials and sales.

Another major NSW Hospital evaluation is scheduled for the New Year and the First Flow is also currently being evaluated by a major Queensland hospital.

The Autoflush feature is also on track to be introduced into the Tuta burettes with tooling completed and validated. We anticipate the release early in the New Year.

We thank the team at Medical Australia who have been diligently building the market for our burettes.

Our engineering team continue to make progress with the pelvic floor exercise system. The device design and prototyping are complete. The team and our contractors are moving on to the software and support systems. This system has exciting prospects and we are delighted with the progress of the development.

Development and the marketing of medical devices is frustratingly slow. The directors are aware of not misinforming the investment market so the flow of news has been slow and intermittent.

The company's strength lies in its development capability. I warmly acknowledge the tremendous contribution of our operations manager Geoff Daly, whose skills are complemented by his foresight and willingness to undertake a diverse range of tasks necessitated by our size. I also thank Chelsea Cornelius for her contribution to our development capability.

Ladies and Gentlemen, we do live in challenging times, and the future has its fair share of uncertainty. We also know that Analytica has existed below the radar of many in the investment community but I expect that this situation will shortly change. We believe the quiet achievement of our company in burette technology and the efforts of Medical Australia lay an excellent future for Analytica.

**Dr. Michael Monsour**

Chairman,

Analytica Limited

