

The Manager  
Company Announcements Office  
ASX Limited

## AMENDMENT TO ANNUAL REPORTS

**8 May 2017, Adelaide:** LBT Innovations Ltd (ASX: LBT) has today lodged an amended 2012, 2013, 2014, 2015 and 2016 Annual Report with the ASX.

It has come to the Company's attention that a required disclosure of listed company directorships was omitted from the Directors Report in each year relating to Dr Popper's directorship in Tyrian Diagnostics Ltd.

Dr Popper ceased the Directorship in February 2016.

– ENDS –

### About LBT Innovations

LBT Innovations (LBT) improves patient outcomes by making healthcare more efficient. Based in Adelaide, South Australia, the Company has two world class-leading products in microbiology automation: MicroStreak®, which provides automated culture plate streaking and Automated Plate Assessment System (APAS®). Based on LBT's intelligent imaging and interpretative software, US FDA-cleared APAS® automates imaging, analysis and interpretation of culture plates following incubation. LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH to commercialise APAS® products. LBT's third product WoundVue® is in early development; this is a proposed automated solution to assist in the management of chronic wounds.

### CONTACTS

LBT Innovations	Media Relations
Brent Barnes Chief Executive Officer & Managing Director Tel: +61 (0)8 8227 1555 E: <a href="mailto:info@lbtinnovations.com">info@lbtinnovations.com</a>	Sarah Kemter Monsoon Communications Tel: +61 (0)3 9620 3333 M: +61 (0) 407 162 530 E: <a href="mailto:sarahk@monsoon.com.au">sarahk@monsoon.com.au</a>



# *Annual Report*

*for the year ended  
30 June 2012*



**LBT INNOVATIONS**

---

---

# Corporate Directory

---

---

## **LBT Innovations**

ABN 95 107 670 673

### **Directors**

**Robert Andrew Finder**  
Chairman

**Lusia Halina Guthrie**  
Chief Executive Officer and Managing Director

**Catherine Mary Costello**  
Non-executive Director

**Stephen Paul Mathwin**  
Non-executive Director

**Caroline Popper**  
Non-executive Director

**Company Secretary**  
Jamie Todd Dreckow

### **Principal Place of Business & Registered Office**

300 Flinders Street  
Adelaide SA 5000  
Phone: +61 8 8227 1555  
Fax: +61 8 8223 1775  
Website: [www.lbtinnovations.com](http://www.lbtinnovations.com)

### **Accountants**

**Edwards Marshall Pty Ltd**  
Level 3,153 Flinders Street  
Adelaide SA 5000

### **Lawyers**

**Thomsons Lawyers**  
19 Gouger Street  
Adelaide SA 5000

### **Auditors**

**HLB Mann Judd**  
167-169 Fullarton Rd  
Dulwich SA 5067

### **Share Register**

**Computershare Investor Services Pty Limited**  
GPO Box 1903  
Adelaide SA 5001

### **Listed Securities**

LBT: Ordinary Shares

LBT0: Class B Options expiring 30 June 2013 exercisable at 20 cents

LBT0A: Class C Options expiring 30 June 2013 exercisable at 20 cents

---

---

# Contents

---

---

Chairman's and CEO's Letter to Shareholders	2-3
Corporate Governance Statement	4-11
Directors' Report	12-27
Auditors' Independence Declaration	28
Statement of Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Statement of Cash Flows	32
Notes to the Financial Statements	33-56
Directors' Declaration	57
Independent Auditor's Report	58-59
Shareholder Information	60-64



**LBT INNOVATIONS**

---

## *Chairman's and CEO's Letter to Shareholders*

---

At the end of the financial year, LBT was being presented as an exemplar of the growing innovation and influence of Australia's biotech sector.

Dear Shareholders,

Revenue for the year ended 30 June 2012 increased by 38% to \$1.02 million. The change was largely attributable to an increase in royalty revenue, rising to \$580k [2011, \$431k], an increase in revenue from deferred AusIndustry Commercial Ready Grant income to \$141k [2011, \$31k] and the receipt of an AusIndustry Export Market Development Grant of \$84k [2011, \$39k].

The growth of PREVI Isola® over the past year has laid a strong foundation for LBT's next diagnostics technology, the Automated Plate Assessment System (APAS™), for automated reading and interpretation of culture plates following incubation. The directors held a formal strategic planning exercise at the start of detailed planning for APAS commercialisation. Against the backdrop of lingering economic uncertainty we have moved APAS closer to the prospect of commercial development and the company continues to carefully progress APAS, making judicious use of retained funds and focusing on finding commercial partnerships to take APAS to market.

During the past year, preliminary discussions were held with a number of leading companies over potential licensing and distribution arrangements for APAS.

LBT continues to evaluate a broad range of options for APAS, including the production of standalone instruments and the licensing of software to third-parties. Several companies have shown preliminary interest in exploring potential licensing or joint venture agreements.

Your company is keeping all options open in the interests of securing the most lucrative, expeditious and durable route to market for the APAS technology. In addition to encouraging commercialisation discussions, LBT continues to explore a number of merger and acquisition opportunities linked to APAS, including its potential in medical fields such as histopathology, cytology and telemedicine.

While LBT is not contemplating a capital raising exercise at this time, we expect that the clear commercial potential of APAS will engender a concrete agreement with a strong global partner over the coming year.

It was pleasing to see global sales increase during the year for PREVI Isola, the automated culture plate streaking system based on LBT Innovations MicroStreak® technology, being manufactured and marketed by bioMérieux. While financial uncertainty continued to cloud European horizons, bioMérieux reported growing sales and interest in PREVI Isola across the United States, China, India, and other emerging markets.

---

## Chairman's and CEO's Letter to Shareholders

---



Sales of PREVI Isola are expected to grow in 2013 with the launch next March of the bioMérieux Full Microbiology Laboratory Automation (FMLA®) solution that links PREVI Isola with bioMérieux's new Smart Incubator System. bioMérieux also confirmed that it will launch a new version of PREVI Isola in 2013, with improved plate management and upgraded functions linked to its MYLA laboratory management software.

The Board of LBT was deeply saddened late last year by the sudden passing of our newest non-executive director, Dr Mike Hirshorn. Although Mike had only been with LBT for a few short months, we were enriched by his friendship, wisdom and significant biotechnology experience and achievements.

In March we were pleased to welcome the widely respected US pathologist and business consultant, Dr Caroline Popper, to your Board. Caroline has served in senior roles at some of the world's most successful medical technology companies and is extremely well known in the biotech sector internationally. She brings to LBT a unique breadth of experience in IPOs, mergers and acquisitions, the launch of new drugs and medical devices, and hands-on clinical expertise.

At the end of the financial year, LBT was being presented as an exemplar of the growing innovation and influence of Australia's biotech sector. The industry newsletter, Bioshares, placed the company fourth in its quarterly 'survival index' of 63 Australian biotechs, bucking trends of "funding stress" elsewhere in the sector.

As we work on our long-term corporate strategies and growth options, we look forward to regularly updating you on progress against our goals in the year ahead and we thank you for your continued support.

Yours sincerely,

**Bob Finder**  
Chairman

**Lusie Guthrie**  
Chief Executive Officer  
and Managing Director

Dated at Adelaide this 26<sup>th</sup> day of September 2012

---

---

# Corporate Governance Statement

---

---

LBT Innovations has committed to adopting the ASX Principles of Good Governance where appropriate for our circumstances. We report on our governance practices under each of the eight principles.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

Further information on LBT Innovations corporate governance policies and practices can be found on our website [www.lbtinnovations.com](http://www.lbtinnovations.com) under the Investor Centre / Corporate Governance section.

## **Principle 1: Lay solid foundations for management and oversight**

LBT Innovations' constitution provides broad parameters for management and for oversight by the Board and provides for the Board to approve specific policies. To ensure the Board is well equipped to discharge its responsibilities it has established governance policies and practices for its own operations.

The role, responsibilities and tasks of the Board include:

- corporate governance;
- managing relationships with management;
- guiding and monitoring business affairs;
- contributing to the development of, and approving, the corporate strategy including the review and approval of business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives, including the progress of significant corporate projects, financial performance and reporting, and the appointment, evaluation and removal of senior management;
- reviewing and ratifying risk management systems, including the identification and monitoring of risks;
- guaranteeing compliance with the Company's code of conduct and protecting shareholder interests;
- releasing announcements to the ASX.

The policies outline how the Board delegates its authority for management of the company to the Chief Executive Officer and Managing Director, subject to monitoring by the Board. Individual directors do not have authority to participate in the day-to-day management of the Company, which is the Chief Executive Officer and Managing Director's responsibility. The Chief Executive Officer and Managing Director is expected to review and discuss with the Board all strategic projects or developments and all material matters currently or prospectively affecting the company and its performance.

Certain decisions involving the Company must be referred to the Board for approval (under the policy Matters reserved for the Board). Examples of some of these decisions are:

- acquiring or selling of shares, property, patent rights and other intellectual property;
- founding, acquiring or selling subsidiaries; participating in other companies or selling the Company's participation in other companies;
- founding, closing or relocating of offices, and facilities;
- commencing of new business activities and terminating existing business activities;
- approving and altering the annual business plan;
- taking or granting of loans and securities;
- foreign exchange hedging under the Company's Hedging policy.

## **Principle 2: Structure the Board to add value**

LBT Innovations has adopted a number of policies to ensure that the Board is comprised of directors with the requisite skills, independence and ability to competently deal with the relevant business issues. The Company constitution provides for the Board to comprise of between three directors and six directors unless otherwise determined by a general meeting.

---

# Corporate Governance Statement

---

## Board Composition:

LBT Innovations believes that its current board composition of five directors is the optimal number to promote effective discussion and efficient decision-making.

The Chairman of the Board is an independent, non-executive director elected by the full Board and is considered to be the lead independent director. The roles of the Chairman include:

- ensuring that board meetings are effective in execution and documentation;
- understanding the long and short term objectives of the Board;
- ensuring that board decisions are implemented appropriately and the Company's code of conduct is followed;
- acting as the spokesperson for the Company at prescribed meetings such as the Annual General Meeting;
- overseeing the processes of the Nominations and Remuneration Committee;
- being the main conduit between the Chief Executive Officer and Managing Director and Board.

The Company's Constitution specifies that one third of all directors (with the exception of the Chief Executive Officer and Managing Director) must retire from office at each annual general meeting. Where eligible, a director may stand for re-election subject to the limitation that on attaining the age of 72 years the director will retire at the next AGM and will not seek re-election.

The Board ensures that its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective and the ability to add value to the Board's deliberations on current and emerging issues. The re-appointment of directors is not automatic and to enable shareholders to make an informed decision on the election of candidates for director, information on candidates' backgrounds, competencies and qualifications, including other directorships, is provided. Candidates for election present their credentials to the AGM prior to the election vote.

In terms of Board education and training, issues of importance are addressed as needed on an ad hoc basis. The skills and competencies of the Board members

can be found at [www.lbtinnovations.com/index.php/about-us/board](http://www.lbtinnovations.com/index.php/about-us/board). The commitments of non-executive directors are reviewed each year as part of the annual performance assessment.

## Directors' Independence

The composition of the Board is in accordance with the recommendation of Principle 2 that the majority of directors should be independent. The Board has adopted specific policies in relation to directors' independence. These state that to be deemed independent a director must, in the opinion of the Board, be a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, their independent exercise of judgment. Directors are also expected to inform the Board of any potential conflicts of interest.

The Board considers Robert (Bob) Finder, Catherine (Kate) Costello, Stephen Mathwin and Caroline Popper to be independent directors. Lusie Guthrie is not considered an independent director as she is employed by the Company as the Chief Executive Officer and Managing Director. With the exception of the Chief Executive Officer and Managing Director, the Board is comprised of independent non-executive directors from different backgrounds with complementary skills and experience.

## Board Meetings

The Board meets approximately monthly, at least 10 times per year, and holds additional meetings as needed e.g. strategy and board education. The Board has also adopted a practice where non-executive directors meet during the year, in a scheduled session without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board. Additional board meetings are held at short notice if required to consider urgent matters.

## Board Committees

The Board has established two committees to help in specific areas and to allow detailed consideration of complex issues. These committees are the Nominations and Remuneration Committee and Audit Committee. Both committees are comprised entirely of non-executive directors. The committee structures and membership are reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. These charters are reviewed on an annual basis. Unless specifically delegated to the committee for final decision all matters determined by committees are submitted to the full Board as recommendations for board decision.



---

# Corporate Governance Statement

---

## The Nominations and Remuneration Committee

This committee assists the Board through examining director selection and appointment practices of the Company and its remuneration policies. The committee is comprised of three directors. The members of this committee are:

- C M Costello
- C Popper
- R A Finder

Committee members are independent directors.

The committee is actively engaged in:

- planning orderly succession for the Chief Executive Officer and Managing Director and non-executive directors;
- reviewing the composition, skills and diversity of the Board to ensure that it remains appropriate to the tasks and work it undertakes;
- ensuring that remuneration policies are designed to motivate senior executives to pursue long-term growth and success and to encourage the retention of highly skilled people.

When the need for a new director is identified or an existing director is required to stand for re-election, the committee reviews the range of skills, experience and expertise on the Board, and identifies skill gaps to inform the appointment or election process. New directors are provided with a letter of appointment setting out their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a comprehensive, formal induction program, which covers financial, strategic, operations and risk management issues as well as expectations for director behaviour.

The committee also reviews the remuneration for directors including participation in the Company's Employee Share Options Plan.

## Audit Committee

Please see Principle 4 for information about this committee.

## Independent Professional Advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required.

## Principle 3: Promote ethical and responsible decision-making

LBT Innovations embraces this principle and has a number of policies in place to ensure good ethical practice and responsible decision-making. Ultimately, good corporate governance relies on people with integrity. The Company makes considerable effort to ensure that its directors, employees, and suppliers are people with such integrity and that the highest ethical standards are observed.

A Code of Conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the share trading policy.

The Chairman and Chief Executive Officer and Managing Director take responsibility for monitoring compliance by company officers and employees with the Code of Conduct.

## Trading Policy

A clear example of ethical misconduct would be the trading of company securities while in possession of material information not yet in the public domain. This is commonly known as "insider trading". In the course of their duties as board members, employees or consultants to the Company, certain people may become aware of material information prior to its public release and thus become an insider. Under the Company's Trading Policy, the purchase and sale of Company shares by directors and employees is only permitted in defined trading windows following the release of the half-yearly and annual financial results to the market once adequate time has elapsed for this to be reflected in the security's price. The policy also restricts directors and employees from acting on other material information until it has been released to the market.

A copy of the company's trading policy is available on the company's website under the Investor Centre / Corporate Governance section.

---

# Corporate Governance Statement

---

## Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits from employee and board diversity and the importance of benefitting from all available talent. Accordingly the company has established a diversity policy, which is available on the company's website under the Investor Centre / Corporate Governance section.

The diversity policy outlines requirements for the board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving these objectives. Accordingly the board has developed and achieved the following objectives regarding gender diversity:

	Objective		Actual as at 30 June 2012	
	%	Number	%	
Women on the Board	50%	3	60%	
Women in senior management roles	50%	1	100%	
Women employees in the company	50%	3	75%	

## Fraud Policy

The Company also has a Fraud Policy, which encompasses all forms of fraud including corruption, bribery, misuse of resources, security trading and price manipulation, and deceptive behaviour in any respect. The Company has a zero tolerance policy to fraud of any kind and internal and external controls are in place to detect, investigate and deal with any instances of suspected fraudulent conduct. The Board is ultimately responsible for actions under this policy and certain aspects of the policy are delegated to ensure practical implementation. The Company promotes an environment where all reports of suspected fraud are taken seriously and investigated thoroughly.

## Familiarisation with Policies

The Code of Conduct and the Company's Trading Policy are provided to each new employee as part of their induction training and all employees are required to comply with them. In addition, the Company's policies regarding Continuous Disclosure, Communications and Auditing and practical applications of these are explained to all employees and, where necessary, to contractors.

## Principle 4: Safeguard integrity in financial reporting

The ASX Principles of Good Governance provide that a company should have an audit committee of at least 3 members and be composed of non-executive directors, the majority of whom are independent and do not include the Chairman of the Board. The members of the audit committee should have the necessary expertise (i.e. financial literacy) to undertake duties effectively and should operate in accordance with a charter.

### Composition of the Audit Committee

ASX Corporate Governance Principle and Recommendation 4.2 requires that the committee should have at least three members, the majority of whom are independent. The Company has not complied with this requirement. Due to the size of the company and the existing Board, the directors consider that two directors are sufficient. The Chairman of the Audit Committee does not have specific qualifications in accounting or finance. Nonetheless, the Board is satisfied that the Audit Committee has appropriate financial expertise and that members have a working knowledge of the finances of the Company.

### Members of the Audit Committee

- S P Mathwin
- C M Costello

### Audit Committee Responsibilities

The Audit Committee operates in accordance with a formal charter and assists the Board in carrying out its responsibilities in relation to:

- monitoring financial risk;
- supervising the internal and external audit processes: specifically, recommending the appointment, removal and remuneration of the external auditor, monitoring the auditor's independence and reviewing and approving non-audit services provided by the external auditor to ensure they do not adversely impact on auditor independence;
- monitoring compliance with relevant laws and regulations;
- monitoring internal controls, financial and regulatory reporting requirements: specifically reviewing, assessing and approving the annual and half year financial reports and all other financial information published by the Company or released to the Australian Securities Exchange (ASX);
- ensuring that the Chief Executive Officer and Managing Director and Chief Financial Officer state, in writing to the Board, that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

---

# Corporate Governance Statement

---

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditor, meets with the external auditor at least twice a year or more frequently if necessary, reviews any significant disagreements between the external auditor and management, meets separately with the external auditor at least once a year without the presence of management and provides the external auditor with a clear line of direct communication at any time to either the Chairman of the Committee or the Chairman of the Board.

## Investment Policy

The Company endeavours to invest its assets to derive the maximum return for its shareholders and has a clear Investment Policy which sets out parameters in determining its investing strategy. This policy outlines that the Company will invest surplus funds primarily in short term bank deposits and will not invest funds in derivatives or engage in speculative trading.

## Principle 5: Make timely and balanced disclosure

### Company Policies

LBT Innovations has a number of policies in place to ensure that each aspect of the principle and the associated laws and rules are adhered to. The Board's duty is to review and approve all communications made to the market and shareholders. The Chief Executive Officer and Managing Director takes initial responsibility for continuous disclosure. The Company Secretary handles ASX communications. All company employees are briefed on what constitutes material information and the processes to be followed if they become aware of such information.

### Materiality

An important term to understand in respect of this principle and associated guidelines is what "material" information means. In this context the terms material and price sensitive are interchangeable. A generally accepted definition is that information is material if a reasonable person would expect that information to have an effect (negative or positive) on the price of a company's shares.

Certain types of information which may be considered material by some investors are not required to be disclosed because they are classified as either confidential or a trade secret, or the information is not complete and may lead to a "false market". An example of the latter would be a rumour or speculation that company X is in negotiations with the Company, which may lead to a share price rise. The Company has a policy not to respond to rumours.

In the course of their duties as board members, employees or consultants to the Company, certain people may become aware of material information prior to its public release and thus become an insider. Under the Company's Trading Policy, the purchase and sale of Company shares by directors and employees is only permitted in defined trading windows following the release of the half-yearly and annual financial results to the market and adequate time has elapsed for this to be reflected in the security's price. The policy also restricts directors and employees from acting on other material information until it has been released to the market.

### Continuous Disclosure

Continuous disclosure aims to ensure that all information considered material or price sensitive is given to all shareholders at the same time in order to prevent any person gaining an advantage in trading a company's shares. A person who has price sensitive information about a company prior to its general public release is considered an "insider". Insider trading is illegal.

An example of the Communications Policy (including Continuous Disclosure requirements) involves analyst briefings. In order to avoid selective disclosure (meaning a shareholder receives material information before other shareholders receive the same information) all materials presented to an analyst are either specifically released to the ASX or are already public information. In the highly unlikely event that price sensitive or material information is inadvertently disclosed, the same information is immediately released to the ASX. All recent company announcements, media releases, details of company meetings, and financial reports are available on the Company's website.

The website also provides a mechanism for shareholders to communicate with the Company through electronic means.

LBT Innovations Ltd is committed to following best practice in respect to Principle 5 and as such also adheres to the Code of Best Practice for Reporting by Life Science Companies developed by the ASX and Ausbiotech.

---

# Corporate Governance Statement

---

## Principle 6: Respect the rights of shareholders

### Communicating Clearly

LBT Innovations has a Communications Policy, which governs the Company's communications with the public, including the media, journalists, shareholders, potential investors and other stakeholders. Together with the Company's policies under Principle 5 and Principle 4, the Board believes that it maintains good practice in all respects regarding communication with shareholders.

The Company aims to make all of its communications as transparent and clear as possible while protecting information about the Company's technology that is essential to commercial success or is subject to other legal requirements. Please see Principle 5 for details on non-disclosed information. All communications about the Company's intellectual property aim to educate and inform recipients without being overly technical in order to foster a clear understanding of the business.

### Communication Paths

The Company regularly issues information to the public and holds discussions with individual investors, broking firms and other members of the public. All such information goes through the same approval processes as an ASX announcement and the relevant spokespeople are nominated. Such communications may include:

- media releases;
- notifications of events;
- shareholder newsletters;
- presentations and academic publications.

In order to facilitate open and efficient communication with its shareholders and other stakeholders or interested parties the Company's website provides access to all ASX announcements, media releases, investor updates and newsletters, presentations, details of meetings and financial reports. The website also provides contact details for related parties such as the LBT Innovations' share registry as well as a mechanism for shareholder communication with the Company via email.

If open briefings to analysts or investors are given by LBT Innovations, the information covered is posted on the corporate website in advance. In the event of closed briefings to analysts and investors, as with open briefings, no material is discussed unless it has previously been disclosed to the market.

### Endorsements and Speculation

The Company has a policy of not commenting on or endorsing analysts' reports or forecasts unless the information given has already been disclosed to the market or to correct inaccuracies. The Company's Communications Policy also disallows any personnel from making comment about market speculation unless required to do so by law or at the ASX's request or in cases that a rumour contains errors of fact that might materially affect the Company.

### Shareholder Voting Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. The Company endeavours to ensure that shareholders are sufficiently well informed about all items they are voting on at meetings through the issue of meeting agendas and supporting materials prior to such meetings. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings and to lodge questions to be responded to by the Board, the Chief Executive Officer and Managing Director and the auditor. If shareholders cannot attend meetings in person they are encouraged to appoint proxies.

---

---

# Corporate Governance Statement

---

---

## Principle 7: Recognise and manage risk

### Our Approach to Risk and Risk Management

LBT Innovations' philosophy towards risk is not to be risk averse but to enable risks to be identified, discussed, mitigated and monitored in a balanced manner. The Company is committed to integrating its risk management systems and processes to support this philosophy without creating an unnecessary burden on the business. In relation to commercial strategy, an element of risk is inevitable and in some cases encouraged.

### Risk Policy

The Company's risk policies are based on the principles of the Australian /New Zealand Risk Management Standard AS/NZS ISO 31000: 2009. These policies are also supported by the Company's Code of Conduct, Fraud, Financial Reporting and Continuous Disclosure policies.

The Company's risk management policies and procedures ensure that all risks are identified, assessed, addressed and monitored to enable achievement of the Company's business objectives. Such risks include:

- strategic risks;
- operational risks;
- legal risks;
- risks to the Company's reputation;
- financial risk and the ability to financially cope with inherent risks.

The Company places considerable importance on maintaining a strong control environment. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The Board holds an annual corporate strategy workshop with key managers and the Company's consultants. This reviews the Company's strategic direction in detail and includes specific focus on the identification of the key business and financial risks which could prevent the Company from achieving its objectives.

The Company has a formal Risk Register that details risks in terms of impact, likelihood, consequence, and a risk rating according to preset definitions. Each identified risk is monitored and recommended actions are undertaken to manage and reduce the identified risk.

### Responsibilities

The Board is responsible for ensuring there are adequate policies in relation to overseeing and managing risk, internal control systems and compliance monitoring. The Board delegates this responsibility to the Audit Committee, which operates according to a formal Charter that includes these responsibilities [See Principle 4 for more detail on Committee responsibilities].

The Audit Committee is responsible for:

- reviewing and approving the Company's risk profile;
- reviewing and approving the systems for ongoing identification and control of risk, including the Company's financial capacity to absorb such risks.

The Chief Executive Officer and Managing Director is responsible for:

- implementing internal controls promoting risk identification and management;
- ensuring regular reporting to the Board on risk;
- providing a formal and comprehensive "Business Risk Assessment" for the Audit Committee annually.

The Chief Executive Officer and Managing Director also conducts ongoing assessments of the company's business risk profile and reports any significant risks to the board at regular intervals throughout the year. In addition, each year the board receives written assurance from the Chief Executive Officer and Managing Director and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system for risk management and internal controls and that it is operating effectively in all material respects in relation to the financial reporting risks.

---

# Corporate Governance Statement

---

## Principle 8: Remunerate fairly and responsibly

### Aligning Director and Employee Interests with Shareholder Interests

Remuneration is a key area of focus for investors and LBT Innovations' Remuneration policy has been designed to align the objectives of directors and executives with shareholder and business objectives by:

- providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting financial results;
- issuing share options to the majority of directors and executives to encourage interest alignment.

The Company's key objective is to effectively attract and retain the highest calibre executives and directors while creating goals that align the interests of directors, executives and shareholders.

All executives receive a base salary, superannuation, fringe benefits and performance incentives. They are also entitled to participate in the employee share and option arrangements.

### Performance Related Incentives

All bonuses, options and incentives are linked to predetermined performance criteria. Performance evaluation of the Chief Executive Officer and Managing Director, together with other senior executives, takes place at least once a year. The performance of executives is measured against agreed yearly criteria based on the forecast growth of the Company's profits and shareholder value.

Director and executive remuneration and other terms of employment are reviewed annually taking into account personal and corporate performance, contribution to long-term corporate growth, relevant comparative information and, where necessary, independent expert advice.

### Remuneration of Non Executive Directors

The Board policy is to remunerate non-executive directors at market rates. Non-executive directors do not receive retirement benefits and their fees are not linked to the Company's performance. They are encouraged to participate in the Employee Share Option Plan and hold shares to align their interests with those of shareholders. The maximum fees paid to non-executive directors are subject to shareholder approval at each Annual General Meeting. Payments in the form of equity are also subject to shareholder approval.

### Responsibilities

The Company's Nominations and Remuneration Committee takes responsibility for remuneration policies. Please see Principle 2 for more details on this committee. The Committee's duties include:

- reviewing remuneration for directors including participation in the Company's Employee Share Options Plan;
- advising the Board on remuneration policies and practices, generally, including items mandated by law such as the Workplace Relations Act;
- making specific recommendations on remuneration packages and other terms of employment for the Chief Executive Officer and Managing Director and senior executives.

---

# Directors' Report

---



Left to right: Jamie Dreckow, Stephen Mathwin, Kate Costello, Lusia Guthrie, Caroline Popper and Bob Finder.

Your directors present their report on the company for the year ended 30 June 2012.

## Directors

The names of the directors in office at any time during or since the end of the year are:

**Robert Andrew Finder**  
Chairman

**Lusia Halina Guthrie**  
Chief Executive Officer and Managing Director

**Catherine Mary Costello**  
Non-executive Director

**Stephen Paul Mathwin**  
Non-executive Director

**Caroline Popper**  
[appointed 15 March 2012]  
Non-executive Director

**Michael Samuel Hirshorn**  
[resigned 10 November 2011]  
Non-executive Director

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

## Company Secretary

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

**Jamie Todd Dreckow**

### Qualifications

Bachelor of Arts [Accountancy], Chartered Accountant

### Experience

Jamie is a partner of Edwards Marshall Chartered Accountants, where he has worked for over 23 years. He is a registered company auditor and is a member of the Audit Committee of the Southern Adelaide Local Health Network. He is also a past board member of the Nurses Board of South Australia and past director of the Repatriation General Hospital.

## Principal Activities

The principal activities of the Company during the financial year were those of researching and further developing innovative technologies for the healthcare and laboratory supply markets.

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



---

---

# Directors' Report

---

---

## Operating Results

LBT recorded an after-tax loss for the year of \$1.15 million [30 June 2011 \$1.16 million loss].

## Dividends Paid or Recommended

No dividends were paid, nor recommended to be paid.

## Business Highlights

Revenue for the year to 30 June 2012 was \$1.02 million [up from \$0.74 million for the year ended 30 June 2011]. Revenue consisted primarily of:

- interest revenue of \$0.18 million [down from \$0.24 million for the year ended 30 June 2011];
- royalty income of \$0.58 million [up from \$0.43 million from the year ended 30 June 2011] due from bioMérieux under the minimum guarantee royalty provision;
- the recognition of deferred commercial ready grant income of \$141k [up from \$31k from the year ended 30 June 2011];
- export Market Development Grant of \$84k [up from \$38k for the year ended 30 June 2011].

The cash position as at 30 June 2012 was \$2.93 million [2011 \$3.32 million].

LBT Innovations Ltd received a significant R&D tax concession refund [\$751k] following completion of the 2011 tax return and a review of the company's 2010 tax return. The company expects to receive a further \$256k prior to 31 December 2012.

The year began with the unexpected death of Dr Michael Hirshorn. Following his appointment as non-executive director in January 2011, Dr Hirshorn was forced to retire due to ill health in November and passed away later that month. He was a highly respected pioneer of Australia's biotech industry. In March, this vacancy was filled by US-based pathologist and business consultant, Dr Caroline Popper, who has served in senior management and marketing roles at some of the world's most successful medical technology companies. She brings hands-on clinical expertise and global business acumen to LBT as well as a valuable international industry network.

The year saw LBT Innovations' first commercial technology, the PREVI Isola culture plate streaking system, cement its position as a market leader in automated inoculation and streaking solutions. Manufactured and distributed by the global infectious diseases diagnostics leader, bioMérieux, PREVI Isola has emerged as a central component of the French company's Full Microbiology Laboratory Automation [FMLA] solution – one of the world's most sophisticated end-to-end solutions to improve connectivity and streamline the workflow in microbiology laboratories.

LBT's royalty payments are based on applicator sales and the number of culture plates processed by PREVI Isola. In February, LBT agreed with bioMérieux to a guaranteed minimum royalty of USD600,000 per year for the next three years [2012-14]. After this time a new set of minimum royalty payments will be agreed for the next three year period. However, if the current exponential trend in applicator sales continues, LBT Innovations anticipates that minimum royalties will be exceeded in the current 3-year minimum royalty period.

The long-term prospects for PREVI Isola have been underlined by major investments made by bioMérieux in global sales and marketing efforts. Next year [2013], bioMérieux plans to launch a new version of PREVI Isola with improved plate management and upgraded functionality compatible with its MYLA laboratory management middleware. During the year [2012], bioMérieux established a show room at its US St Louis site to display its "Laboratory of the Future", which includes PREVI Isola. The instrument is also featured in a similar show room at its world headquarters in France.

At the end of June 2012, bioMérieux reported growing interest in FMLA in several key markets. Germany has emerged as the global leader in the adoption of microbiology automation and the United Kingdom is also at the forefront of this trend.

PREVI Isola sales in the US have ramped up significantly and bioMérieux has outlined strong interest and continued to gain new customers among leading US clinical laboratories. As developing markets show an increasing demand for automation bioMérieux is investing in sales and marketing drives across Asia, the Middle East and Latin America.

During the year PREVI Isola continued to attract positive testimonials from laboratories and hospitals, including evidence of stronger colony isolation and faster results that have enabled some doctors to begin treating patients up to 48 hours earlier. These results were reported at the major international pathology meetings including ECCMID [European Congress of Clinical Microbiology and Infectious Diseases] in London in April and ASM [American Society of Microbiology] in San Francisco in June.



---

# Directors' Report

---

## Business Highlights cont.

Market research studies continue to suggest robust mid-term prospects for specialised lab automation instruments, with Kalorama Information projecting growth of 7% for the sector to 2014. This industry confidence augurs well for LBT's new technology under development APAS [the Automated Plate Assessment System]. A natural successor to MicroStreak [PREVI Isola], APAS has drawn the attention of a number of major diagnostics firms for its potential to fully automate the imaging, analysis and interpretation of culture plates post-incubation – the next stage in the microbiology testing workflow.

Utilising leading edge digital image capture and analysis technology, APAS performs colony assessment, enumeration and preliminary colony categorisation. It is able to quickly find the clinically significant cases and allow culture plates to be efficiently and accurately sorted, allowing microbiologists to progress quickly to the next stage in the workflow and report results sooner. The APAS system can work with third-party images, which positively influences the business model for commercialisation of this technology.

After intensive trialling in clinical laboratories, APAS prototypes have demonstrated success in identifying urinary tract and gastro-intestinal pathogens in the major culture media. Work on APAS this past year consolidated the performance of APAS in relation to the required sensitivity and specificity, performance of colony enumeration and preliminary colony categorisation. The trial results provide confidence that APAS will, like PREVI Isola, set a new global standard for another critical stage in the microbiology workflow. The company understands that there is no identical technology currently in the market.

The work ahead for APAS requires full specification of the technology and improvement in its robustness ahead of development of commercial product. Feasibility studies have commenced for alternative applications of the APAS technology in other areas of clinical testing and in medical research.



Reading a culture-plate image from APAS on an iPad.

The commercial prospects of APAS were also bolstered this year by the filing of four new international patent applications for its principal hardware and software elements under the Patent Cooperation Treaty. These new applications bring LBT's intellectual property portfolio to a total of 14 patent and design families. Four patents are associated with APAS, one with MicroStreak and 9 with PREVI Isola, which now enjoys full patent protection in Australia, France, Germany, the UK, Italy, the Netherlands, Spain, New Zealand, China and the United States.

LBT Innovations is currently in discussions with several potential partners on either licensing or collaborative development arrangements for the APAS technology. The company is pursuing a number of potential distribution models including: licensing of APAS software for the new-generation smart incubator systems that are coming on to the market; OEM manufacturing; and joint venture agreements.

LBT believes that the market is ready for the groundbreaking APAS platform and that the company is in a strong position to identify the most efficient and lucrative route to market.

---

---

# Directors' Report

---

---

## Financial Position

The net assets of the company have decreased by \$1.2 million from \$13.5 million at 30 June 2011 to \$12.3 million at 30 June 2012. Cash on hand and at bank decreased to \$2.9 million at 30 June 2012. The decrease in net assets and cash at bank resulted from the company's continued investment in R & D and general operating expenditure.

## Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company during the year.

## After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## Future Developments, Prospects and Business Strategies

The expansion of microbiology automation continues to accelerate as laboratories around the world come under increasing pressure to reduce their costs and make better use of resources. The changes that transformed clinical chemistry testing in the 1970s are now being seen in microbiology, driven by declining technical workforces, increasing workloads, and the need for faster, more accurate, more accountable results. With a rise in infectious diseases, an ageing patient population and a laboratory workforce that continues to age as baby boomers retire, the need for microbiology automation will only grow further.

Today, the industry is increasingly trending towards fully integrated, modular automation systems that incorporate automated streakers, smart incubators, and other instruments in the culture plate workflow – all linked by sophisticated lab management software.

The corporate environment is also undergoing significant changes, partly as a result of the global economic downturn, partly because of the growing dynamism and possibility offered by today's technologies. The past year has seen several new mergers and partnerships as larger diagnostics companies move to shore up their automation advantage. Becton Dickinson's recent purchase of the Dutch firm, Kiestra Lab Automation, and Siemens' growing partnership with Copan Diagnostics are two such examples.

These developments augur well for LBT Innovations, which is investigating a number of new alliances and pathways to market for its Automated Plate Assessment System (APAS). The company is in discussions with several prospective partners who see the potential of APAS in a time- and personnel-constrained future. LBT is currently exploring a number of options for the technology's commercialisation, including OEM or joint venture manufacturing of standalone automated plate-readers, and the licensing of select hardware or software components for incorporation into new-generation incubation and culture plate handling systems.

---

## Directors' Report

---



First in class: Louise Prendergast, Microbiology Laboratory Manager at Melbourne Pathology, bioMérieux Australia Application Specialist Danielle Sevier, and LBT CEO and Managing Director Lusia Guthrie, with Australia's first PREVI® Isola at Melbourne Pathology.

### Future Developments, Prospects and Business Strategies cont.

While LBT's MicroStreak (PREVI Isola) offers a straightforward path to automation by applying robotics to routine culture plate processing, APAS promises to bring microbiology into the 21st century through the application of state-of-the-art computer vision technology. APAS is an image-based classification system for the analysis, interpretation and reporting of microbial activity following incubation. The core technology also offers cross-disciplinary opportunities and potential applications in several other areas of pathology, including histopathology, cytology and telemedicine.

The far-reaching potential of APAS was recently underlined when LBT and its partners at the Australian Centre for Visual Technologies were offered a \$510,000 Commonwealth grant to explore alternative applications of the technology [LBT is still evaluating this offer, which entails a funding commitment from the company.]

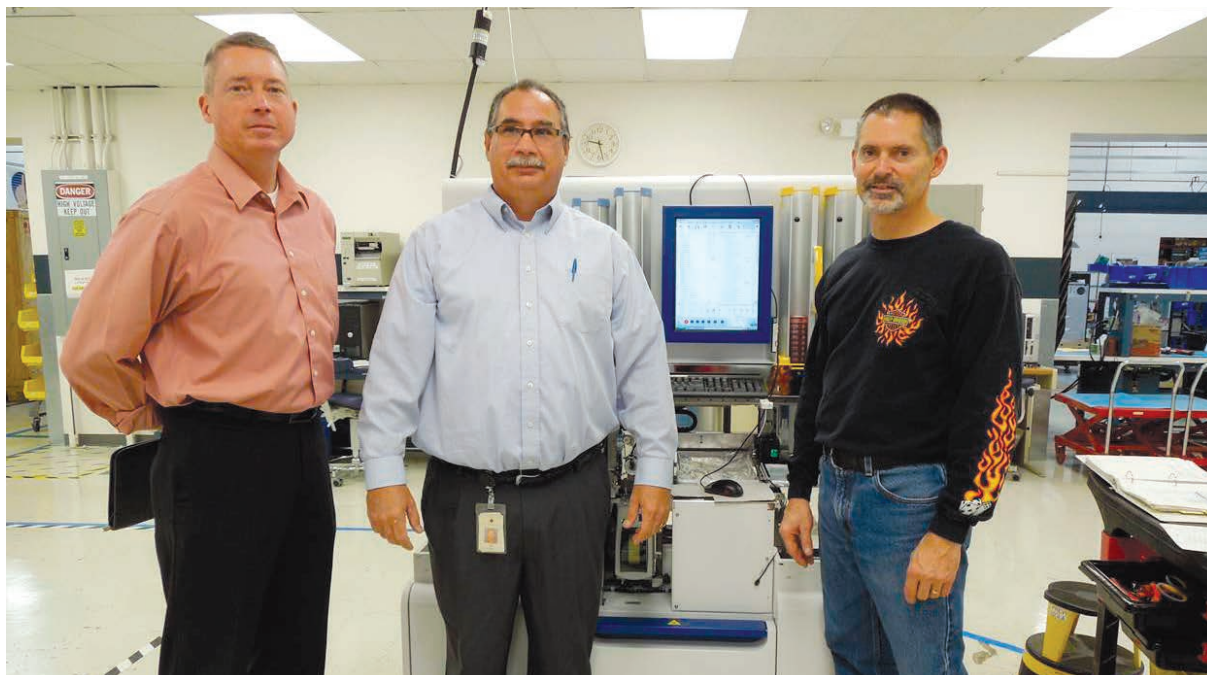
Signals are strong that sales of PREVI Isola applicators will continue to grow exponentially in 2012/13, with the potential to lift LBT's royalties above the current minimum threshold agreed with bioMérieux. The French company has demonstrated a firm commitment to LBT's streaking technology, which will continue to feature strongly in its high-profile sales and marketing efforts. PREVI Isola will also come under the spotlight when bioMérieux formally launches its FMLA [Full Microbiology Laboratory Automation] strategy early in 2013. The launch will focus attention on the company's celebrated "Laboratory of the Future" on display at its US manufacturing hub in St Louis.

LBT is not contemplating a capital raising exercise in the prevailing market conditions. The company is confident that the strong commercial potential of APAS will attract a reputable licensing or joint venture partner, and is exploring a number of potential M&A opportunities linked to APAS and its research into applications beyond conventional microbiology.

---

## Directors' Report

---



bioMérieux's Doug Hopper, Doug Webb and Kevin Keen with a newly built PREVI Isola at the company's manufacturing facility in St Louis, Missouri.

### About LBT Innovations

LBT Innovations' first technology, the MicroStreak culture plate streaking system, represents a significant advance in the way that culture plates are processed in modern pathology laboratories. MicroStreak was licensed to the multinational French diagnostics company, bioMérieux, in 2007, and incorporated into its leading 'PREVI' range of automated laboratory equipment. As PREVI Isola, it has become a key component of bioMérieux's FMLA [Full Microbiology Laboratory Automation] strategy, capturing a significant share of the automated plate streaker market worldwide.

During the two years since it received a Gold Award at the 2010 Medical Design Excellence Awards, PREVI Isola has attracted critical acclaim from some of the world's largest diagnostics laboratories, including Atlanta's Grady Health System and Exalab in Bordeaux, France. Propelled by bioMérieux's global marketing influence, it has also made significant inroads in the emerging diagnostics markets of China, India, and the Middle East.

Laboratory operators continue to report consistently robust results from PREVI Isola, including more isolated bacteria than manual streaking, and faster results that promote more efficient diagnoses and patient interventions. Automated instruments such as the Isola not only offer quicker, more traceable results, but provide optimised workflows that enable lab staff to use their time for more valuable activities relating to patient care.

---

---

# *Directors' Report*

---

---

## **About LBT Innovations**

LBT Innovations Limited [LBT] is an Australian developer of practical clinical and diagnostic technologies. Based in Adelaide, South Australia, the company was formed in 2004 and listed on the Australian Securities Exchange on 31 July 2006 [ASX: LBT].

LBT has an exclusive agreement with the French diagnostics company, bioMérieux, to manufacture and market its MicroStreak technology for the automated streaking of culture plates in routine microbiology testing (now sold as PREVI Isola). The company receives ongoing royalty payments for PREVI Isola, which has been installed in clinical laboratories in the United States, Australia, China, Japan, Korea, the Middle East, the UK, and multiple European countries.

LBT holds a growing portfolio of intellectual property that is protected in all major jurisdictions. The lodgment of four new patent applications for APAS earlier this year brought to 14 the total number of patent and design families associated with LBT's technologies – protecting the company's investment, and cementing its reputation as a developer of medically endorsed solutions for the diagnostics market.

## **Environmental Issues**

The company's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.



Robert Andrew Finder



Lusia Halina Guthrie

## Information on Directors

### Robert Andrew Finder

#### Qualifications

Bachelor of Science Chemical Engineering (University of Detroit)

#### Experience

Bob has more than 35 years experience in the international pharmaceutical and chemical industries and has retired as Chief Executive Officer of Novozymes GroPep Limited, the Australian subsidiary of Novozymes, a global biotechnology company. Bob was Managing Director and Chief Executive Officer of GroPep before the Novozymes acquisition from 2002-6.

Prior to joining GroPep in 2002, Bob was President and Chief Operating Officer of Mayne Pharma – Americas and Asia Pacific. In this role, Bob was responsible for the commercial activities for the Americas and Asia Pacific region as well as for global research and development for Mayne Pharma. Mayne Pharma evolved from Mayne's acquisition of F H Faulding, where Bob was President and Chief Operating Officer of Faulding Pharmaceuticals – Asia Pacific.

Prior to Faulding, Bob's roles included Vice President Manufacturing for Ecogen Inc, in Pennsylvania, Director Manufacturing for Rhone-Poulenc (USA) and Managing Director of Monsanto Chemicals in Thailand. He is a Member of the Australian Institute of Company Directors and the American Institute of Chemical Engineers.

Bob is currently on the board of directors of National Pharmacies and past Chairman of Reproductive Health Science Pty Ltd.

Interest in Shares	Nil	
Interest in Options	750,000	Options expiring 5 December 2017
Third Party Holdings		
· Sheryl Jean Finder	472,800	Ordinary shares
· The Sherrob9 Fund	3,721,567	Ordinary shares
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	

### Lusia Halina Guthrie

#### Qualifications

Masters Degree Science and Technology Commercialisation (University of Adelaide) and Bachelor of Applied Science in Medical Technology (University of South Australia)

#### Experience

Lusia has 30 years experience in the pathology and pharmaceutical industries. She commenced her professional career as a medical laboratory scientist and laboratory manager, changing direction after 10 years to join pharmaceutical company F H Faulding & Co, where she spent the next 13 years. She has executive level operations and manufacturing management experience, with expertise in product development, production and supply chain management, project management, industrial relations and quality system and regulatory compliance. She has also worked in intellectual property management and commercialisation for a leading Adelaide research institute.

Lusia is a co-founder of LBT Innovations. She is a Member of the Australian Institute of Company Directors and has held several non-executive board appointments.

Lusia has previously served as a member of the Manufacturing Consultative Council (MCC) for the State Government of South Australia; member of the Future Manufacturing Industry Innovation Council (FMIIC) for the Commonwealth Department of Industry, Innovation, Science and Research and on the Assessment Panel for the Medical Device Commercialisation Program (MDCP), Department of Trade and Economic Development, S.A. Government.

She currently serves on AusMedtech, the Ausbiotech Medical Devices Advisory Committee, the MDPP Assessment Panel for Flinders University and the ACVT Industry Advisory Panel at the University of Adelaide. Lusia is also a member of the School Council of Loreto College, Adelaide.

Interest in Shares	Nil	
Interest in Options	Nil	
Third Party Holdings		
· LH & HB Guthrie as trustees of the Podlaska Super Fund	5,402,957	Ordinary shares
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	



---

# Directors' Report

---

## Information on Directors cont.

### Catherine Mary Costello

#### Qualifications

Law Degree [University of Melbourne]

#### Experience

Kate was in management with a commercial law firm before establishing a management consultancy. Kate has over 20 years experience in corporate governance and strategy through her consulting work with the boards of client organisations, her directorships and her previous involvement as a facilitator in the Company Directors' Course offered by the Australian Institute of Company Directors.

Kate's board experience includes directorships in the South Australian Totalisator Agency Board, Australian Central Credit Union Ltd, Festival City Broadcasters Ltd and chairmanship of Saab Intelligent Transport Systems Ltd and Bassett Consulting Engineers. She is currently a director of Integrated Research Ltd and a member of the Independent Selection Committee, University of Adelaide.

Interest in Shares	760,716	Ordinary shares
Interest in Options	250,000	Class F Options
Third Party Holdings		
Costello Consulting Pty Ltd	750,000	Class B Options
Directorships held in other listed entities	Integrated Research Ltd	
Interest in Contracts	Nil	



Catherine Mary Costello



Stephen Paul Mathwin



Caroline Popper

---

---

# Directors' Report

---

---

## Stephen Paul Mathwin

### Qualifications

Law Degree [University of Adelaide]

### Experience

Stephen has more than 30 years experience as a legal practitioner, including being a partner with the Adelaide law firm Kelly & Co from 1988 to 2001. In that time he headed the firm's Employment, Industrial Law and Superannuation sections. He was also responsible for managing much of Kelly and Co's internal risk management functions. Stephen remains a consultant to the firm.

Stephen is Chairman of the Investment Committee of Non Government Schools (NGS) Superannuation Fund, a fund of in excess of \$4.5 billion. He is also the Chairman of Brown Wood Panels Pty Ltd, Australian Timbers Pty Ltd, AEM Cores Pty Ltd and Poly Products Co Pty Ltd, a director of the McArthur Management Group of Companies, Albox Australia Pty Ltd and Paragon Equity Limited.

Interest in Shares	Nil	
Interest in Options	500,000	Class E Options
Third Party Holdings		
Ruin Pty Ltd as trustee for the Steve Mathwin Superannuation Fund	1,550,000	Ordinary Shares
	150,000	Class C Options
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	

## Caroline Popper

### Qualifications

Bachelor of Medicine [University of the Witwatersrand, Johannesburg], Master of Public Health – Health Policy and Health Economics [Johns Hopkins University, Baltimore]

### Experience

Caroline is a US-based pathologist and business consultant, with more than 20 years of operational experience in the international diagnostics, medical devices, and drug discovery fields. After 10 years in senior management and marketing roles at the leading medical technology firm, Becton, Dickinson and Company, Caroline established her own consultancy, Popper and Company, to provide strategic corporate and advisory services to businesses across the life sciences spectrum.

A qualified health economist, Caroline has served in senior managerial and advisory positions at a number of global diagnostics and medical research companies, including bioMérieux and MDS Proteomics, where she was Chief Business Officer from 2000 to 2002.

As well as extensive experience in life science business strategy, Caroline enjoys a unique clinical perspective gained in the busy wards and laboratories of Baltimore's famous Johns Hopkins Hospital. From 1987 to 2003, she served as an attending physician at the hospital's Department of Emergency Medicine, where she completed residencies in internal medicine and in pathology.

In 2003, Caroline founded Popper and Company, a strategy and M&A advisory firm focused on diagnostics, medical devices, life science tools, and wireless health applications. Her other directorships include Innovative Biosensors Inc (chairman), nanoMR, Rarecyte, Pilgrim Software Inc and Tyrian Diagnostics, an ASX listed company.

Interest in Shares	Nil
Interest in Options	Nil
Directorships held in other listed entities	Nil
Interest in Contracts	Nil



---

---

# Directors' Report

---

---

## Remuneration Report

This report details the nature and amount of remuneration of each key management person of LBT Innovations and for the executives receiving the highest remuneration.

### Remuneration Policy

The Remuneration Policy of LBT Innovations has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results.

The key objectives of the Nominations and Remuneration Committee are to appropriately and effectively attract and retain the best executives and directors to run and manage the company, as well as create goals congruent between directors, executives and shareholders.

The Remuneration Policy, setting the terms and conditions for Non-executive and Executive directors and other senior executives, was developed by the Nominations and Remuneration Committee and approved by the board.

The Remuneration Policy has been tailored to increase goal congruence between shareholders and directors and executives with:

- performance bonuses based on key performance indicators (KPI's), and;
- issue of options to the directors and executives to encourage the alignment of personal and shareholder interests.

The fixed remuneration component is determined having regard to market conditions. This is so that the Company can recruit and retain the best available talent. The Board's policy regarding incentives includes granting options with an exercise price at a premium to the underlying market value of shares at the time of grant and vesting subject to achieving KPI's. This policy aligns the interests of optionholders with those of shareholders and creates a direct relationship between individual remuneration outcomes and Company performance. This is because optionholders will only benefit in circumstances where relevant KPI milestones are met and there is a material increase in the underlying share priced from the time of grant of the options.

The relationship between the Board's policy and the Company's performance in terms of earnings and shareholder wealth illustrated by the following table shows the gross revenue, profits/(losses), earnings per share and closing share prices on 30 June for the past four years. During the financial year the Company's share price traded between a low of \$0.03 and a high of \$0.08.

The company did not receive a milestone payment this year, as has been reported in previous years. Minimum royalty payments are being received for PREVI Isola applicator sales. The company has developed the new APAS technology to proof of concept and is seeking a partner to complete the development of the technology and take product to market.

	2012	2011	2010	2009	2008
Revenue	\$1.02m	\$0.74m	\$3.9m	\$2.2m	\$2.3m
Net Profit / [Loss]	\$(1.15)m	\$(1.16)m	\$1.49m	\$0.34m	\$0.72m
Basic Earnings per share (cents per share)	(1.16)	(1.17)	1.50	0.34	0.73
Diluted Earnings per share (cents per share)	(1.16)	(1.17)	1.50	0.25	0.54
Full year ordinary dividends per share (cents)	Nil	Nil	Nil	Nil	Nil
Year end share price (last traded price on 30 June)	\$0.04	\$0.04	\$0.06	\$0.125	\$0.20

LBT Innovations board's policy for determining the nature and amount of remuneration for board members and senior company executives follows.

---

# Directors' Report

---

## Executive Terms & Conditions

All executives receive a base salary, based on performance, professional qualifications and experience and superannuation, fringe benefits, options and performance incentives.

The Nominations and Remuneration Committee reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

## Performance Measurement

The performance of executives is measured against criteria agreed annually with each executive and is based on the achievement of the strategic objectives to secure the company's future profits and shareholder value.

All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can decide changes to the Nominations and Remuneration Committee's recommendations.

Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

As part of executives' remuneration package there is a performance-based component consisting of key performance indicators. The intention of this program is to facilitate goal congruence between executives of the business and shareholders.

## Key Performance Indicators – KPI's:

- are set annually by the board on recommendation from Nominations and Remuneration Committee. The measures are specifically tailored to the responsibility areas in which the executive is directly involved;
- target areas the board believes hold greater potential for business expansion and profit;
- cover financial and non-financial as well as short- and long-term goals;
- are based on the level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to KPI's is assessed annually, with minor quarterly reviews and bonuses being awarded depend on the number and difficulty of the KPI's achieved.

Following the assessment, the KPI's are reviewed by the Nominations and Remuneration Committee in light of the desired and actual outcomes. The efficacy of the KPI's is assessed in relation to the company's goals and shareholder wealth, before the KPI's are set for the following year. Where advisable, independent reports are obtained from external organisations. KPI's for the CEO and Managing Director are set in Key Result Areas of Finance, Corporate Strategy, Investor Relations and Human Resource, with an emphasis on achieving the Company's financial goals. Any bonus payment is negotiated in line with achievement of KPI's and is weighted towards financial outcomes.

## Superannuation

Executive directors and executives receive a superannuation guarantee contribution, required by the government, which is currently 9% and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

## Non-executive Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Nominations and Remuneration Committee determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive directors are not linked to the performance of the company. 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.

## Shares & Options

Shares given to directors and executives are valued at their fair value on the date granted based on market prices. Options given to directors and executives are valued at their fair value using the Binomial option-pricing model.

# Directors' Report

## Remuneration Report cont.

### Key Management Personnel Remuneration

2012	Cash Salary, Fees & Commissions	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Shares	Options	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Mr R A Finder	77	7	0	0	0	0	84
Dr M S Hirshorn <sup>[1]</sup>	16	2	0	0	0	0	18
Mrs L H Guthrie	232	50	51	0	0	0	333
Mrs C M Costello	24	29	0	0	0	0	53
Mr S P Mathwin	41	14	0	0	0	0	55
Dr C Popper <sup>[2]</sup>	33	0	0	0	0	0	33
	423	102	51	0	0	0	576

[1] Dr Hirshorn resigned 10 November 2011. Remuneration received is for the period 1 July 2011 to 10 November 2011.

[2] Dr Popper was appointed 15 March 2012. Remuneration received is for the period 15 March 2012 to 30 June 2012

2011	Cash Salary, Fees & Commissions	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Shares	Options	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Mr R A Finder	77	7	0	0	0	0	84
Dr M S Hirshorn <sup>[3]</sup>	19	2	0	0	0	0	21
Mrs L H Guthrie	229	50	48	0	0	0	327
Mrs C M Costello	18	29	0	0	0	0	47
Mr S P Mathwin	32	23	0	0	0	0	55
Mr D P LeMessurier <sup>[4]</sup>	27	2	0	0	0	0	29
	402	113	48	0	0	0	563

[3] Dr Hirshorn was appointed 24 January 2011. Remuneration received is for the period 24 January 2011 to 30 June 2011

[4] Mr LeMessurier resigned 1 February 2011. Remuneration received is for the period 1 July 2010 to 1 February 2011

### Options Granted as Remuneration

All options granted vest within two years of issue date and expire within 8 years of vesting.

All options were granted for nil consideration.

No options were granted as Remuneration during 2011 or 2012

### Shares Issued on Exercise of Compensation Options

No options were exercised during the year that were granted as compensation in prior periods.

Mrs Lusia Guthrie is employed under a contract, terminable on 12 months notice.

---

---

# Directors' Report

---

---

## Meetings of Directors

During the period to 30 June 2012, 14 meetings of directors were held. Attendances by each director during the reporting period were:

	Number Eligible to attend	Number attended
Mr R A Finder	14	14
Mrs L H Guthrie	14	14
Mrs C M Costello	14	12
Mr S P Mathwin	14	13
Dr C Popper – appointed 15/3/12	4	4
Dr M S Hirshorn – resigned 10/11/11	7	5

During the period to 30 June 2012, 2 meetings of the Audit Committee were held. Attendances by each member during the reporting period were:

	Number Eligible to attend	Number attended
Mr S P Mathwin	2	2
Mrs C M Costello – appointed 20/2/12	1	1
Dr M S Hirshorn – resigned 10/11/11	1	1

During the period to 30 June 2012, 2 meetings of the Nominations and Remuneration Committee was held. Attendances by each member during the reporting period were:

	Number Eligible to attend	Number attended
Mrs C M Costello	2	2
Mr R A Finder	2	2
Dr C Popper – appointed 15/3/12	1	1

---

---

# Directors' Report

---

---

## Indemnifying Officers or Auditor

The company has paid a premium to insure each of the following directors 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 of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of premium has not been disclosed as it is confidential under the terms of the insurance policy.

- Mr R A Finder
- Mrs L H Guthrie
- Mrs C M Costello
- Mr S P Mathwin
- Dr M S Hirshorn
- Dr C Popper

## Option Details

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

Class	Date of Expiry	Exercise Price	Number of Options	No of Shares due on Conversion
B	30/06/2013	\$0.20	6,114,350	10,190,583
C	30/06/2013	\$0.20	20,435,000	20,435,000
E	17/04/2017	\$0.20	500,000	500,000
F	24/05/2017	\$0.30	500,000	500,000
n/a	5/12/2017	\$0.20	750,000	750,000
n/a	5/12/2012	\$0.14	921,482	921,482
n/a	6/01/2019	\$0.165	50,000	50,000
n/a	24/8/2020	\$0.065	200,000	200,000
n/a	1/11/2021	\$0.042	200,000	200,000
n/a	8/11/2021	\$0.042	200,000	200,000
			29,870,832	33,947,065

There have been no shares issued from the conversion of options during the year ended 30 June 2012. No amounts are unpaid on any of the shares. Class A and Class D options expired during the year ended 30 June 2012.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## 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 proceeding 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 proceedings during the reporting period.

---

---

# Directors' Report

---

---

## Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES 110: Professional Independence.

The following fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2012: NIL.

## Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 28.

## Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors.



**Bob Finder**  
Chairman



**Lusia Guthrie**  
Chief Executive Officer and Managing Director

Dated at Adelaide this 26<sup>th</sup> day of September 2012

---

---

# Auditors' Independence Declaration

---

---



**LBT INNOVATIONS LIMITED**  
**ACN 107 670 673**

**AUDITORS' INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF LBT INNOVATIONS LIMITED**

As lead auditor for the audit of LBT Innovations Limited for the year ended 30 June 2012, 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.

*HLB Mann Judd*  
HLB Mann Judd  
Chartered Accountants

*C. M. J.*  
Corey McGowan  
Partner

Dulwich  
26 September 2012

**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**  
169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502  
Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd (SA Partnership) is a member of  international. A world-wide organisation of accounting firms and business advisers.  
Liability limited by a scheme approved under Professional Standards Legislation

# Statement of Comprehensive Income

*For the Year Ended  
30 June 2012*

	Note	2012 \$000	2011 \$000
Revenue	2	1,019	740
Consulting Fees	3a	[330]	[356]
Employee benefits expense	3b	[921]	[903]
Depreciation and amortisation expense		[707]	[183]
General administration expenses		[188]	[238]
Legal		[58]	[55]
Marketing		[11]	[23]
Other Expenses	3c	[545]	[840]
Profit / [Loss] before income tax		[1,741]	[1,858]
Income tax [expense] / benefit	4a	585	696
Net profit / [loss] for the year		[1,156]	[1,162]
Other comprehensive income		0	0
Other comprehensive income net of tax		0	0
Total comprehensive income		[1,156]	[1,162]
Basic earnings per share [cents per share]		[1.16]	[1.17]
Diluted earnings per share [cents per share]		[1.16]	[1.17]

The accompanying notes form part of the financial statements



# Statement of Financial Position

As At 30 June 2012

	Note	2012 \$000	2011 \$000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	2,932	3,320
Trade and other receivables	6	362	354
Current Tax Asset		256	0
<b>Total Current Assets</b>		3,550	3,674
<b>Non-Current Assets</b>			
Plant and equipment	7	18	17
Deferred tax assets	15a	3,480	4,103
Intangible assets	8	11,333	12,028
<b>Total Non-Current Assets</b>		14,831	16,148
<b>Total Assets</b>		18,381	19,822
<b>Current Liabilities</b>			
Trade and other payables	9	289	263
Financial liabilities	10a	141	37
<b>Total Current Liabilities</b>		430	300
<b>Non-Current Liabilities</b>			
Financial liabilities	10b	2,184	2,429
Deferred tax liabilities	15b	3,426	3,625
Provisions		29	0
<b>Total Non-Current Liabilities</b>		5,639	6,054
<b>Total Liabilities</b>		6,069	6,354
<b>Net Assets</b>		12,312	13,468
<b>Equity</b>			
Issued Capital	11	11,299	11,299
Reserve	12	782	782
Retained Earnings		231	1,387
<b>Total Equity</b>		12,312	13,468

The accompanying notes form part of the financial statements

# Statement of Changes in Equity

*For the Year Ended  
30 June 2012*

	Option Reserve	Share Capital	Accumulated [Losses] / Retained Earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2010	782	11,347	2,549	14,678
Tax effect attributable to items in equity	0	[48]	0	[48]
Loss attributable to members	0	0	[1,162]	[1,162]
<b>Balance at 30 June 2011</b>	782	11,299	1,387	13,468
Loss attributable to members	0	0	[1,156]	[1,156]
<b>Balance at 30 June 2012</b>	782	11,299	231	12,312

The accompanying notes form part of the financial statements

# Statement of Cash Flows

**For the Year Ended  
30 June 2012**

	Note	2012 \$000	2011 \$000
<b>Cash Flows From Operating Activities</b>			
Federal Government Grants Received		84	38
Payments to Suppliers and Employees		[1,987]	[2,438]
Research and Development Tax Concession		751	0
Milestone Payment [SA Pathology, formally Medvet Science Pty Ltd]		0	[22]
Royalties Received		566	362
Interest Received		175	259
<b>Net Cash provided by operating activities</b>	13	[411]	[1,801]
<b>Cash Flows From Investing Activities</b>			
Payments for Plant and Equipment		[14]	[7]
Sale of Equipment		0	68
Net cash used in investing activities		[14]	61
<b>Cash Flows From Financing Activities</b>		0	0
Net [decrease] / increase in cash and cash equivalents		[425]	[1,740]
Cash and cash equivalents 1 July 2011		3,320	5,060
Exchange Rate Adjustments		37	0
<b>Cash and cash equivalents 30 June 2012</b>	5	2,932	3,320

The accompanying notes form part of the financial statements

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers LBT Innovations a public company incorporated and domiciled in Australia.

The financial report of LBT Innovations complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Accounting Policies

#### a. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### b. Plant and Equipment

Plant and equipment is measured on the cost basis less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

### Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over its useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5 – 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## **1. Statement of Significant Accounting Policies** cont.

### **c. Intangibles**

#### **Licence Fees and Option Fees**

Licence fees and option fees are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

#### **Research Expenditure**

Expenditure during the research phase of a project is recognised as an expense when incurred.

#### **Patents**

Patents are recognised at cost of acquisition. Patents have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patent costs are amortised over their useful life ranging from 15 to 20 years.

#### **MicroStreak Development Costs**

Capitalised development costs include the concept development and preliminary design costs for MicroStreak, which include systems engineering, mechanical and electronic subsystems, and software costs [including prototypes and documentation].

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

#### **Change in Accounting Estimates**

Capitalised development costs had been amortised on a systematic basis matched to the projected future economic benefits over the useful life of the licence agreement with the licence partner. In accordance with Australian Accounting Standards and as a result of the review of the amortisation methodology, effective 1 July 2011 capitalised costs have been amortised on a straight line basis over the remaining licence term of 17.5 years. Amortisation expense relating to capitalised MicroStreak development costs will be approximately \$670k per annum going forward. Consistent with this approach and in accordance with AASB 120 Accounting for Government grants and Disclosure of Government Assistance, revenue from the company's commercial revenue grant must be recognised over the periods in which the entity recognises as expense the related costs for which the grants are intended to compensate. As the grant received by the company in prior years related to the capitalised costs referred to above, it will also be recognised as revenue on a straight line basis over the remaining term of the licence. Revenue of approximately \$140k per annum relating to the grant will be recognised going forward.

### **d. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### **e. Financial Instruments**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### **Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised on the income statement.

#### **Financial Liabilities**

Financial liabilities are recognised at amortised cost less principal payments and amortisation

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## **1. Statement of Significant Accounting Policies** cont.

### **f. Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Key Estimates – Impairment**

The directors assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

### **g. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and is net of bank overdrafts.

### **h. Revenue**

Licence fees are brought to account as revenue in accordance with the substance of the relevant agreement. Where the condition under the agreement has been fulfilled and the payments are non-refundable, licence fees are brought to account as revenue only when it is probable that the fee will be received.

Revenues from royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

### **i. Share-Based Payments**

#### **Equity Settled Transactions**

The company currently has a Directors and Executive Option Plan in place to provide benefits to directors and executives in the form of share-payments whereby they render services in exchange for shares or rights over shares [equity-settled transactions].

The company may also provide options to selected consultants in exchange for their services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party becomes fully entitled to the award [the vesting period].

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### **j. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## **1. Statement of Significant Accounting Policies** cont.

### **k. Foreign Currency Transactions and Balances**

Foreign currency transactions during the year were converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date were converted at the rates of exchange ruling at that date. The company has a hedging policy under which, in appropriate circumstances, it hedges its foreign currency exposure.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

### **l. Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### **m. Government Grants**

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

### **n. Adoption of New and Revised Accounting Standards**

The following standards, amendments to standards and interpretations have been identified as those that may impact the entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing this financial report.

Australian Accounting Standard	Title	Mandatory Application Date	Possible Impact
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax Recovery of Underlying Assets	1 January 2012	These amendments clarify that the tax base of investment property measured using the fair value model in accordance with AASB 140 Investment Property is based on the premise that the carrying amount will be recovered entirely through sale rather than through use.
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 July 2012	These amendments make a number of changes to the presentation of other comprehensive income including presenting separately those items that would be reclassified to profit or loss in future and those that would never be reclassified to profit or loss and the impact of tax on those items.

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 1. Statement of Significant Accounting Policies cont.

### n. Adoption of New and Revised Accounting Standards cont.

Australian Accounting Standard	Title	Mandatory Application Date	Possible Impact
AASB 9	Financial Instruments [December 2010] [Includes financial assets and financial liability requirements]	1 January 2013	In AASB 9 [December 2010], the AASB added requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option; and certain derivatives linked to unquoted equity instruments.
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 [December 2010]		The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9.
AASB 9	Financial Instruments [December 2009] [Financial asset requirements only]		AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset.
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9		The guidance in AASB 139 on impairment of financial asset and on hedge accounting continues to apply.  The IASB has deferred the application date of IFRS 9 until 1 January 2015, however the AASB has yet to issue a corresponding amendment to AASB 9[2010] and AASB 9 [2009].
AASB 10	Consolidated Financial Statements	1 January 2013	AASB 10 introduces a new approach to determining which investee should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
AASB 127	Separate Financial Statements [2011]	1 January 2013	AASB 127 [2011] carries forward the existing accounting and disclosure requirements for separate financial statements with some minor clarifications.



# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 1. Statement of Significant Accounting Policies *cont.*

### n. Adoption of New and Revised Accounting Standards *cont.*

Australian Accounting Standard	Title	Mandatory Application Date	Possible Impact
AASB 11	Joint Arrangements	1 January 2013	If the parties have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and they must use the equity method to account for their interest.
AASB 128	Investment in Associates and Joint Ventures [2011]	1 January 2013	Limited amendments have been made to AASB 128 including the application of AASB 5 Non-current Assets held for Sale and Discontinued Operations to interests in associates and joint ventures and how to account for changes in interests in joint ventures and associates.
AASB 12	Disclosures of Interests in Other Entities	1 January 2013	AASB 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013	This standard gives effect to many consequential changes to a number of standards arising from the issuance of the new consolidation and joint arrangements standard.
AASB 13	Fair value Measurement	1 January 2013	AASB 13 explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exists in certain standards.
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13		
AASB Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine [November 2011]	1 January 2013	This interpretation clarifies that surface mining companies will capitalise production stripping costs that benefit future periods if certain criteria are met.
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009 – 2011 Cycle	1 January 2013	A collection of non-current but necessary improvements to the following accounting standards: AASB 1, AASB 101, AASB 116, AASB 132, AASB 134 and AASB Interpretation 2.

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 1. Statement of Significant Accounting Policies cont.

### n. Adoption of New and Revised Accounting Standards cont.

Australian Accounting Standard	Title	Mandatory Application Date	Possible Impact
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (June 2012)	1 January 2013	AASB 7 is amended to increase the disclosures about offset positions, including the gross position and the nature of the arrangements.
AASB 119	Employee Benefits (September 2011)	1 January 2013	AASB 119 is amended focusing on but not limited to the accounting of defined benefit plans. In addition it changes the definition of short-term and other long-term employee benefits and some disclosure requirements.
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)		
AASB 2012-4	Amendments to Australian Accounting Standards – Government Loans	1 January 2013	This standard adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 to require that first-time adopters apply the requirements in AASB 139 (or AASB 9) and AASB 120 prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards.
AASB 1053	Application of Tiers of Australian Accounting Standards	1 July 2013	Those entities who prepare general purpose financial statements, that do not have public accountability, may take advantage of reduced disclosure requirements under the new differential reporting framework.
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements		

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 1. Statement of Significant Accounting Policies *cont.*

### n. Adoption of New and Revised Accounting Standards *cont.*

Australian Accounting Standard	Title	Mandatory Application Date	Possible Impact
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key management Personnel Disclosure Requirements	1 July 2013	Removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. Companies will still need to provide these disclosures in the Remuneration Report under section 300A of the Corporations Act 2001.
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [June 2012]	1 January 2014	The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet.

IFRSs & IFRICs	Mandatory Application Date	Possible Impact
Change in mandatory effective date for IFRS 9	1 January 2015	The IASB has deferred the mandatory effective date of IFRS 9 from 1 January 2013 to 1 January 2015. IFRS 9 is still available for early adoption.
Transition Guidance for IFRS 10, IFRS 11 and IFRS 12	1 January 2013	The IASB have issued these amendments to IFRS 10 and IFRS 11 to simplify transition and provide relief from the disclosures in respect of unconsolidated structured entities on transition to the suite of consolidation standards.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

### o. Critical Accounting Estimates and Judgments

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

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 2. Revenue

	2012 \$000	2011 \$000
Operating Activities	842	500
Interest	177	240
Total Revenue	1,019	740

## 3. Profit for the Year

### (a) Consulting Fees

Consulting fees include fees paid to assist with international market research, scientific and professional consulting.	330	356
---	-----	-----

### (b) Employee Benefits Expense

The employee benefits expense includes Director's fees payable in accordance with the prospectus and salaries and wages, including executive bonuses.	921	903
---	-----	-----

### (c) Other Expenses

Auditors' remuneration <sup>[1]</sup>	19	20
Rent	64	51
Travel and accommodation	142	171
External research and development	149	446
Others	171	152
	545	840

NOTE [1] The auditor did not provide any non-audit services to the company during the year.

### (d) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Royalty income	580	431
----------------	-----	-----

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 4. Income Tax

	2012 \$000	2011 \$000
<b>[a] The components of tax expense comprise:</b>		
Current tax	[178]	[658]
Deferred tax	[407]	[38]
	[585]	[696]
<b>[b] The prima facie tax on losses from ordinary activities before income:</b>		
Prima facie tax payable on losses from ordinary activities before income tax at 30%	[522]	[557]
Add:		
Tax effect of:		
Non deductible amortisation	3	3
2012 R&D concession claim	[85]	0
2011 R&D concession claim	0	[84]
Capital raising costs	[1]	[48]
Other non-allowable items	20	[10]
Income tax attribute to the company	[585]	[696]
The applicable weighted average effective tax rates are as follows:	N/A	N/A

## 5. Cash and Cash Equivalents

Cash at Bank	2,932	3,320
--------------	-------	-------

## 6. Trade and Other Receivables

<b>Current</b>		
Trade Debtors	298	283
Other Receivables	37	38
GST Refundable	27	33
Total Receivables	362	354

### Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for. The main source of credit risk to the Company is considered to relate to the class of assets described as "trade and other receivables".

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 6. Trade and Other Receivables cont.

	Gross Amount \$'000	Past Due and Impaired \$'000	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$'000
			< 30 \$'000	31-60 \$'000	61-90 \$'000	> 90 \$'000	
<b>2012</b>							
Trade and term receivables	298	0	0	0	0	0	298
Other receivables	64	0	0	0	0	0	64
Total	362	0	0	0	0	0	362
<b>2011</b>							
Trade and term receivables	283	0	0	0	0	0	283
Other receivables	71	0	0	0	0	0	71
Total	354	0	0	0	0	0	354

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

## 7. Plant and Equipment

	2012 \$000	2011 \$000
Plant and Equipment at Cost	59	52
Less: Accumulated Depreciation	[41]	[35]
Total Plant and Equipment	18	17
<b>Movements in Carrying Amount</b>		
Movements in carrying amounts of plant and equipment between the beginning and the end of the financial year were as follows:		
Opening balance	17	20
Additions	14	7
Depreciation expense	[13]	[10]
	18	17

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 8. Intangible Assets

	2012 \$'000	2011 \$'000
MicroStreak Option Fee at Cost	51	51
Less: Accumulated Amortisation [Note 1 (c)]	[27]	[24]
	24	27
MicroStreak Licence Fee at Cost	120	120
Less: Accumulated Amortisation [Note 1 (c)]	[60]	[52]
	60	68
Patent fees	247	247
Less: Accumulated Amortisation [Note 1 (c)]	[67]	[55]
	180	192
MicroStreak Development Costs	11,959	11,959
Less: Accumulated Amortisation	[890]	[218]
	11,069	11,741
Total Intangible Asset	11,333	12,028

### Movements in Carrying Amount

Movements in carrying amounts of intangibles between the beginning and the end of the financial year were as follows:

	MicroStreak Option Fee at Cost \$'000	MicroStreak Licence Fee at Cost \$'000	Patent fees \$'000	MicroStreak development costs \$'000	Total Intangible Asset \$'000
Balance 1 July 2010	31	76	204	11,957	12,268
Additions	0	0	0	0	0
Disposals	0	0	0	[68]	[68]
Amortisation Charge	[4]	[8]	[12]	[148]	[172]
Balance 30 June 2011	27	68	192	11,741	12,028
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation Charge	[3]	[8]	[12]	[672]	[695]
Balance 30 June 2012	24	60	180	11,069	11,333

## 9. Trade and Other Payables

	2012 \$'000	2011 \$'000
Current		
Trade Creditors	289	263
Total Trade and other Payables	289	263

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 10. Financial Liabilities

	2012 \$000	2011 \$000
<b>(a) Current</b>		
Deferred Revenue	141	37
Total Current Financial Liabilities	141	37
<b>(b) Non-current</b>		
Deferred Revenue	2,184	2,429
Total Non-Current Financial Liabilities	2,184	2,429

## 11. Issued Capital

Issued and paid up capital		
99,374,861 [2011: 99,374,861] ordinary shares fully paid	12,953	12,953
Less: costs associated with capital raising		
Opening balance	[1,654]	[1,606]
Amount incurred during year (net of tax)	0	[48]
	11,299	11,299
	No.	No.
Ordinary shares		
At the beginning of the reporting period	99,374,861	99,374,861
Conversion of options	0	0
At reporting date	99,374,861	99,374,861

### Voting Rights

The Voting rights attached to each class of equity security are as follows:

#### Ordinary Shares

Each ordinary share is entitled to 1 vote when a poll is called otherwise each member present at a meeting or by proxy has a vote on a show of hands.

#### Option holders

Each option entitles the holders to subscribe for 1 ordinary share in the capital of the company with the exception of Class B options which are subject to a 2 for 3 bonus issue on conversion. Options do not have voting rights attached however ordinary shares issued on conversion carry the same voting rights as described above.

### Capital Management

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

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

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company'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 debt levels and share issues.

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



# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 12. Reserve

	2012 \$000	2011 \$000
Option Reserve		
Option reserve of valuation of share options	782	782
The option reserve records items recognised as expenses on valuation of issued share options		

## 13. Cash Flow Information

Reconciliation of Cash Flow from operations with Profit / [Loss] after Income Tax

Profit [loss] after income tax	(1,156)	[1,162]
Non-cash flows in loss		
Amortisation	695	173
Depreciation	13	10
[Increase] in receivables	[8]	[50]
[Decrease] in deferred revenue	[141]	[30]
[Increase] in deferred tax asset	623	[652]
[Decrease] / Increase in trade creditors	26	[44]
[Increase] / Decrease in current tax asset	[256]	0
Increase / [Decrease] in provisions	29	0
Increase in deferred tax liability	[199]	[46]
Net Unrealised Loss [Gain] on foreign currency held	[37]	0
Cash flow from / [used in] operations	[411]	[1,801]

## 14. Earnings Per Share

Reconciliation of Earnings to Net Profit / [Loss]

Net [Loss] / Profit	(1,156)	[1,162]
Earnings used in the calculation of basic earnings per share	(1,156)	[1,162]
Earnings used in the calculation of diluted earnings per share	(1,156)	[1,162]
Weighted average number of ordinary shares outstanding at 30 June 2012 used in the calculation of basic earnings per share	99,374,861	99,374,861
Weighted average number of options outstanding	38,340,673	38,168,338
Weighted average number of ordinary shares outstanding at 30 June 2012 used in the calculation of diluted earnings per share	99,374,861	99,374,861

Since reporting date the company has not issued shares (2011: Nil) and options (2011: Nil) which would have impacted on the number of ordinary shares if these transactions had occurred before the end of the reporting period.

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 15. Tax

	2012 \$000	2011 \$000
<b>(a) Assets</b>		
Deferred tax assets comprise:		
Future income tax benefits attributable to tax losses	2,756	3,345
Accruals	3	4
Leave entitlements	23	13
Assessable deferred accounting income	697	740
Capital raising costs	1	1
Depreciation	0	0
	3,480	4,103
<b>(b) Liabilities</b>		
Deferred tax liabilities comprise		
Capitalised development expenditure	3,321	3,522
Other	105	103
	3,426	3,625
<b>(c) Reconciliations</b>		
<b>i Gross Movements</b>		
The overall movement in the deferred tax account is as follows:		
Opening balance	477	(171)
Credit / [charge] to income statement	343	696
2011/2010 R & D tax offset claim	(766)	0
Credit / [charge] to equity	0	(48)
Closing balance	54	477

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 15. Tax cont.

	2012 \$000	2011 \$000
c) Reconciliations cont.		
ii Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<b>Carried forward income losses</b>		
Opening balance	3,345	2,686
Credit to the income statement	177	659
R & D offset claim	[766]	0
Closing balance	2,756	3,345
<b>Non-deductable accrued expenses</b>		
Opening balance	4	4
Credit to the income statement	[1]	0
Closing balance	3	4
<b>Provision for annual leave</b>		
Opening balance	13	11
Credit to the income statement	10	2
Closing balance	23	13
<b>Deferred income</b>		
Opening balance	740	749
Charge to the income statement	[43]	[9]
Closing balance	697	740
<b>Capital raising costs</b>		
Opening balance	1	49
Credit to equity	0	[48]
Closing balance	1	1
iii Deferred tax liabilities		
Capitalised development expenditure		
Opening balance	3,522	3,587
[Credit] to income statement	[201]	[65]
Closing balance	3,321	3,522
<b>Other</b>		
Opening balance	103	84
Charged to income statement	3	19
Closing balance	106	103

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 16. Related Party Transactions

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

### (a) Names and positions of key management personnel of LBT Innovations in office at any time during the financial year:

#### Directors

Mr R A Finder	Independent Chairman – Non-Executive
Mrs L H Guthrie	Chief Executive Officer and Managing Director
Mrs C M Costello	Independent Director – Non-Executive
Mr S P Mathwin	Independent Director – Non-Executive
Dr M Hirshorn	Independent Director – Non-Executive (resigned 10 November 2011)
Dr C Popper	Independent Director – Non-Executive (appointed 15 March 2012)

Key management personnel remuneration has been included in the remuneration section of the Directors Report.

### (b) Option Holdings

2012								
Directors	Balance 01/07/11	Granted as Remuneration	Options Exercised	Other Change <sup>(2)</sup>	Balance 30/06/12	Total Vested 30/06/12	Total Exercisable 30/06/12	Total Unexercisable 30/06/12
Mr R A Finder	750,000	0	0	0	750,000	750,000	750,000	0
Mrs L H Guthrie	1,375,000	0	0	[1,375,000]	0	0	0	0
Mrs C M Costello	1,000,000	0	0	0	1,000,000	1,000,000	1,000,000	0
Mr S P Mathwin	650,000	0	0	0	650,000	650,000	650,000	0
Dr M Hirshorn <sup>(1)</sup>	0	0	0	0	0	0	0	0
Dr C Popper	0	0	0	0	0	0	0	0
	3,775,000	0	0	[1,375,000]	2,400,000	2,400,000	2,400,000	0
2011								
Directors	Balance 01/07/10	Granted as Remuneration	Options Exercised	Other Change	Balance 30/06/11	Total Vested 30/06/11	Total Exercisable 30/06/11	Total Unexercisable 30/06/11
Mr R A Finder	750,000	0	0	0	750,000	750,000	750,000	0
Mrs L H Guthrie	1,375,000	0	0	0	1,375,000	1,375,000	1,375,000	0
Mrs C M Costello	1,000,000	0	0	0	1,000,000	1,000,000	1,000,000	0
Mr S P Mathwin	650,000	0	0	0	650,000	650,000	650,000	0
Dr M Hirshorn	0	0	0	0	0	0	0	0
	3,775,000	0	0	0	3,775,000	3,775,000	3,775,000	0

Note: [1] Dr Michael Hirshorn resigned as a director effective 10 November 2011.

Note: [2] Class A Options expired without exercise 30 June 2012.

# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 16. Related Party Transactions cont.

### (c) Shareholdings

2012					
Directors	Balance 01/07/11	Received as Remuneration	Options Exercised	Net Change Other <sup>(1)</sup>	Balance 30/06/12
Mr R A Finder	1,681,420	0	0	1,132,928	2,814,348
Mrs L H Guthrie	5,063,334	0	0	225,000	5,288,334
Mrs C M Costello	200,000	0	0	560,716	760,716
Mr S P Mathwin	1,350,000	0	0	200,000	1,550,000
Dr M Hirshorn	0	0	0	0	0
Dr C Popper	0	0	0	0	0
Total	8,294,754	0	0	2,118,644	10,413,398

2011					
Directors	Balance 01/07/10	Received as Remuneration	Options Exercised	Net Change Other <sup>(1)</sup>	Balance 30/06/11
Mr R A Finder	980,650	0	0	700,770	1,681,420
Mrs L H Guthrie	4,913,334	0	0	150,000	5,063,334
Mrs C M Costello	200,000	0	0	0	200,000
Mr S P Mathwin	1,350,000	0	0	0	1,350,000
Dr M Hirshorn	0	0	0	0	0
Total	7,443,984	0	0	850,770	8,294,754

Note (1): Net Change Other includes securities purchased/sold during the year.

### (d) Directors' Related Entity Transactions with the Company

Details of remuneration paid or payable to directors for the year ended 30 June 2012 has been included in the Directors Report.

---

# Notes To The Financial Statements

---

*For the Year Ended  
30 June 2012*

## **16. Related Party Transactions** cont.

### **[e] Other Related Parties Transactions with the Company**

#### **SA Pathology [formally Medvet Science Pty Ltd]**

SA Pathology is a shareholder in LBT Innovations, holding 4,703,401 ordinary shares [2011 – 4,703,401].

#### **Acquisition and Invention of Technology – MicroStreak**

On 1 December 2004, the company entered into a Technology Licence Agreement with Medvet Science Pty Ltd under which it has an exclusive worldwide licence to make, use and sell products derived from technology now known as MicroStreak.

In consideration for the MicroStreak licence, LBT Innovations has paid to Medvet Science Pty Ltd a licence fee of \$120,000.

LBT Innovations must pay to SA Pathology [formally Medvet Science Pty Ltd] a royalty, calculated on LBT Innovations revenues related to sales of MicroStreak applicators, at the following rates:

[a] Australia – 3% of LBT Innovations' applicator revenues;

[b] In all other countries:

- 3% of applicator revenues for the first three years from the date of first commercial sale in each country; and
- 7% of applicator revenues thereafter for the remainder of the term

The royalty referred to above is payable in respect of each quarter, on or before the end of the month following the end of each quarter.

Medvet Science Pty Ltd received milestone payments from LBT Innovations within six months of reaching the following milestones:

- [i] First commercial sale in Australia – \$20,000
- [ii] First commercial sale in Europe – \$50,000
- [iii] First commercial sale in the United States of America

Note: Medvet Science Pty Ltd transfer of rights to SA Pathology. Medvet Science Pty Ltd no longer acts as an agent for SA Pathology, a business unit of Adelaide Health Service Inc. All Medvet Science Pty Ltd's rights and obligations in respect of MicroStreak were transferred to SA Pathology, effective May 2011.

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## **17. Financial Risk Management**

### **(a) Financial Risk Management Policies**

The company's financial instruments consist mainly of deposits with banks, and accounts receivable and payable. The company does not invest in any derivative instruments.

#### **i) Treasury Risk Management**

The board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The board has established an investment policy that is reviewed on a regular basis.

#### **ii) Financial Risk Exposures and Management**

The main risks the company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. Milestone payments from bioMérieux were received in Euros. Ongoing royalty payments and minimum royalties from the sale of applicators will be in USD.

#### **Interest rate risk**

Interest rate risk is managed with a mixture of fixed and floating rate deposits. At 30 June 2012 approximately 89% of the company's cash deposits were fixed.

#### **Foreign currency risk**

The company is exposed to fluctuations in foreign currencies arising from the receipt of milestone, and royalty payments in currencies other than the company measurement currency. At balance date, the company had an exposure in respect of royalty payments due for the period 1 January 2012 to 30 June 2012 amounting to \$US300,000.

The company will initially deposit royalty receipts in a USD account held with the National Australia Bank. At 30 June 2012 the balance of this account was \$US121,260.

#### **Liquidity risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash deposits are maintained.

#### **Credit risk**

The maximum exposure to credit risk is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with a credit rating of 'A' long term [Standard and Poors rating] are used and
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

# Notes To The Financial Statements

For the Year Ended  
30 June 2012

## 17. Financial Risk Management

### (b) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual 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. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate %		Floating Interest Rate \$000		Within 1 Year \$000		1 to 5 Years \$000		Over 5 Years \$000		Non-interest Bearing \$000		Total \$000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Financial Assets</b>														
Cash and cash equivalents	5.6	5.8	195	108	2,618	3,212	0	0	0	0	119	0	2,932	3,320
Receivables	0	0	0	0	0	0	0	0	0	0	362	354	362	354
Total Financial Assets			195	108	2,618	3,212	0	0	0	0	481	354	3,294	3,674
<b>Financial liabilities</b>														
Deferred revenue	0	0	0	0	0	0	0	0	0	0	2,325	2,466	2,325	2,466
Trade and other payables	0	0	0	0	0	0	0	0	0	0	289	263	289	263
Total Financial Liabilities			0	0	0	0	0	0	0	0	2,614	2,729	2,614	2,729

All trade and sundry payables are expected to be paid within three months of balance date.

### (c) Net Fair Values

The net fair values of all assets and liabilities approximate their carrying value.

### (d) Sensitivity Analysis

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

At 30 June 2012, the effect on profit and equity after tax as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2012 \$000	2011 \$000
Change in profit		
- increase in interest rate by 2%	45	59
- decrease in interest rate by 2%	[45]	[59]
Changes in equity		
- increase in interest rate by 2%	45	59
- decrease in interest rate by 2%	[45]	[59]



# Notes To The Financial Statements

*For the Year Ended  
30 June 2012*

## 18. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2012:

At a directors meeting on 19 September 2005 the board agreed to issue Mrs C M Costello 750,000 class B options that may be exercised at any time up until 30 June 2013 with an exercise price of \$0.20.

At the general meeting of shareholders on 10 April 2007 it was agreed to issue Stephen Paul Mathwin 500,000 class E options that may be exercised from 17 April 2009 up until 17 April 2017 with an exercise price of \$0.20.

At the Annual General Meeting held 29 November 2006 it was resolved to issue 250,000 options to Mr D P LeMessurier and Mrs C M Costello. These class F options may be exercised from 25 September 2009 to 24 May 2017 and have an exercise price of \$0.30.

At the General Meeting held 10 April 2007 it was resolved to issue 702,369 options to Paradigm Capital Pty Ltd in exchange for services provided. These options have an exercise price of 14 cents and an expiry date of 17 April 2012. These options have expired without exercise.

At the Annual General Meeting held 19 November 2007 it was resolved to issue 750,000 options to Mr R A Finder. These options have an exercise price of 20 cents and may be exercised from 5 December 2009 to 5 December 2017. These options were granted on 24 May 2007.

At the annual general meeting of shareholders held 19 November 2007 it was resolved to issue 921,482 options to Paradigm Capital Pty Ltd in exchange for services provided. These options have an exercise price of \$0.14 and an expiry date of 5 December 2012.

1,100,000 Class C options were issued in accordance with the company's consultancy agreements with Willpower Management Pty Ltd and John Glasson. These options have an exercise price of \$0.20 and may be exercised at any time up until 30 June 2013.

500,000 Class C options were issued on 29 September 2008 to Jamie Todd Dreckow in recognition of his performance of services provided to the company. These options have an exercise price of \$0.20 and may be exercised at any time up until 30 June 2013.

During 2009, 250,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.165 each. These options are exercisable during the period 6 January 2011 to 23 January 2019. 200,000 of these options were forfeited on departure of the relevant employee.

During 2011, 200,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.065 each. These options are exercisable during the period 29 September 2012 to 24 August 2020.

During 2012, 400,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.042 each. 200,000 are exercisable during the period 1 November 2013 to 1 November 2021, and 200,000 are exercisable during the period 8 November 2013 to 8 November 2021.

	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	2012	\$	2011	\$
Outstanding at the beginning of the year	6,973,851	0.19	6,773,851	0.19
Granted	400,000	0	200,000	0
Forfeited	0	0	0	0
Exercised	0	0	0	0
Expired	1,702,369	0	0	0
Outstanding at year end	5,671,482	0	6,973,851	0.19
Exercisable at year end	5,071,482	0.18	6,723,851	0.19

---

# Notes To The Financial Statements

---

*For the Year Ended  
30 June 2012*

## 18. Share-Based Payments cont.

The options outstanding at 30 June 2012 had a weighted average exercise price of \$ 0.18 and a weighted average remaining contractual life of 2.99 years. Exercise prices range from \$0.042 and \$0.30.

Options issued to directors and employees cannot be exercised until the second anniversary after the grant date. Any options held at the date a Director ceases to be an officer automatically lapse within 90 days unless the board approves an extension. Accordingly, it is considered that these options do not fully vest until such time as they can be exercised. In accordance with AASB2 "Share-based Payment", the fair value of the options has been expensed over the vesting period.

Historical volatility has been the basis for determining expected share price volatility.

## 19. Segment Reporting

[a] The company operates in one business segment, conducting research and development.

[b] Revenue by geographic region

	2012 \$000	2011 \$000
Australia	439	309
USA	580	431
Total revenue	1,019	740

[c] Assets by geographical region

The company does not hold assets in any geographic location other than Australia.

[d] Major customers

LBT Innovations Ltd derives royalties from its MicroStreak technology that is licensed to the French diagnostic company bioMérieux. These royalties account for 57% of external revenue [2011 58%].

## 20. Credit Standby Arrangements

The company has a credit standby facility of \$40,000. This facility was used to the extent of \$19,349 at balance date.

## 21. Capital, Royalty and Other Fees Commitments

[a] Acquisition of Invention and Technology - MicroStreak.

SA Pathology (formally Medvet Science Pty Ltd)	Nature
	Royalties payable under a Technology Licence agreement entered into on 1 December 2004.

---

---

# Notes To The Financial Statements

---

---

*For the Year Ended  
30 June 2012*

## 22. Operating Leasing Commitments

	2012 \$000	2011 \$000
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	38,000	38,000
- between 12 months and five years	38,000	75,000
The property lease is a non-cancellable lease with a 3-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased per annum in line with the consumer price index (CPI). An option exists to renew the lease at the end of the 3-year term for an additional term of 3 years. The lease allows for subletting of all ease areas.		

## 23. Events After the Balance Sheet Date

No material matters have arisen subsequent to balance date that require reporting.

## 24. Company Details

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

300 Flinders Street

Adelaide SA 5000

Phone: +61 8 8227 1555

Fax: +61 8 8223 1775

Website: [www.lbtinnovations.com](http://www.lbtinnovations.com)

---

---

# Directors' Declaration

---

---

**The directors of the company declare that:**

- [1] the financial statements and notes, as set out on pages 29 to 56, are in accordance with the Corporations Act 2001 and:
- comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
  - give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company;
- [2] the Chief Executive Officer and Managing Director and Chief Finance Officer have each declared that:
- the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - the financial statements and notes for the financial year comply with the Accounting Standards; and
  - the financial statements and notes for the financial year give a true and fair view;
- [3] in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Board has received assurance from the CEO and Managing Director and the Company Secretary that the declaration is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.

This declaration is made in accordance with a resolution of the board of directors.



Director  
Lusia Halina Guthrie



Director  
Robert Andrew Finder

Dated at Adelaide this 26<sup>th</sup> day of September 2012

---

---

# Independent Auditor's Report

---

---



Chartered Accountants

## LBT INNOVATIONS LIMITED

### INDEPENDENT AUDITOR'S REPORT

To the members of LBT Innovations Limited:

#### **Report on the Financial Report**

We have audited the accompanying financial report of LBT Innovations Limited ("the company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the 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 for LBT Innovations Limited.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements of the LBT Innovations Limited complies with International Financial Reporting Standards.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd (SA Partnership) is a member of  international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation

---

# Independent Auditor's Report

---



Chartered Accountants

## LBT INNOVATIONS LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONT.)

#### **Auditor's Opinion**

In our opinion:

- (a) the financial report of LBT Innovations Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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**

In our opinion the Remuneration Report of LBT Innovations Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

*HLB Mann Judd*

HLB Mann Judd  
Chartered Accountants

Dulwich  
26 September 2012

A handwritten signature in blue ink, appearing to read 'C. McGowan'.

Corey McGowan  
Partner

**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61(0)8 8431 3502  
Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd (SA Partnership) is a member of international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation

# Shareholder Information

*As At 19 September 2012*

## Statement of Issued Securities

The total number of shareholders is 776 and there are 99,374,861 ordinary fully paid shares on issue.

The total number of Class B optionholders is 66 and there are 6,114,350 Class B Options on issue.

The total number of Class C optionholders is 253 and there are 20,435,000 Class C Options on issue.

The total number of Class E optionholders is 1 and there are 500,000 Class E Options on issue.

The total number of Class F optionholders is 2 and there are 500,000 Class F Options on issue.

Other options Expiry date	Number of holders	Number on issue	Number of restricted securities	Release date (if applicable)
5 December 2017	1	750,000	0	N/A
5 December 2012	2	921,482	0	N/A
6 January 2019	1	50,000	0	N/A
24 August 2020	1	200,000	0	N/A
1 November 2021	1	200,000	200,000	01/11/13
8 November 2021	1	200,000	200,000	08/11/13

## Distribution of Securities

Equity Distribution	No of Share- holders	No of Class B Option- holders	No of Class C Option- holders	No of Class E Option- holders	No of Class F Option- holders	No of Option- holders Exp 5/12/12	No of Option- holders Exp 5/12/17	No of Option- holders Exp 6/1/19	No of Option- holders Exp 24/8/20	No of Option- holders Exp 1/11/21	No of Option- holders Exp 8/11/21
1 – 1,000	10	0	0	0	0	0	0	0	0	0	0
1,001 – 5,000	87	0	1	0	0	0	0	0	0	0	0
5,001 – 10,000	144	6	114	0	0	0	0	0	0	0	0
10,001 – 100,000	401	40	110	0	0	0	0	1	0	0	0
100,001 and over	134	20	28	1	2	2	1	0	1	1	1
	776	66	253	1	2	2	1	1	1	1	1

The number of shareholdings held in less than marketable parcels is 253. The number of listed option holdings held in less than a minimum parcel is 216 (2 in B Class) [214 in C Class].

## Substantial Shareholders

The names of the substantial shareholders listed in the company's register as at 19 September 2012 are:

Name	Number of Shares held	% Held of Issued Capital
bioMérieux	9,772,727	9.83
Mrs Lucyna Halina Guthrie + Mr Hugh Berkerley Guthrie <The Podlaska Super Fund A/C>	5,402,957	5.44
	15,175,684	15.27

# Shareholder Information

As At 19 September 2012

## Voting Rights

Refer to Note 11.

## On Market Buy Back

There is no current on market buy back.

## Top 20 Shareholders

Rank	Name	Number of Shares	% of Shares
1	bioMérieux SA	9,772,727	9.83
2	Mrs Lucyna Halina Guthrie + Mr Hugh Berkeley Guthrie <The Podlaska Super Fund A/C>	5,402,957	5.44
3	Avanteos Investments Limited <1823205>	4,757,172	4.79
4	Mr Brendon Moran	3,996,089	3.99
5	Mr Robert Andrew Finder & Mrs Sheryl Jean Finder <Sherrob9 S/F A/C>	3,271,567	3.74
6	Medvet Science Pty Ltd	3,333,334	3.35
7	Avanteos Investments Limited <1823201>	2,972,329	2.99
8	Mr Stephen Goodwin	2,500,000	2.52
9	Angueline Capital Pty Ltd	1,971,782	1.98
10	Mr Nicholas Greenaway Mills	1,873,818	1.89
11	Ruin Pty Ltd <Steve Mathwin Super A/C>	1,550,000	1.56
12	Alcardo Investments Limited <Styld 102501 A/C>	1,400,024	1.41
13	College Street Nominees Pty Ltd <JP Lem Super A/C>	1,186,250	1.19
14	Katray Nominees Pty Ltd <RG Duthy S/F A/C>	1,100,000	1.11
15	Medvet Science Pty Ltd	1,000,000	1.01
16	Mr Bryce Whetton	920,000	0.93
17	Paul Mariani & Kerri Anne Mariani <Paul Mariani Super fund A/C>	833,334	0.84
18	KMEC Superannuation Pty Ltd	817,113	0.82
19	WHI Securities Pty Ltd <Crown Credit Corporation A/C>	800,000	0.81
20	Ms Diane Lester	785,170	0.79
		50,663,666	50.99



# Shareholder Information

As At 19 September 2012

## Top 20 Class B Option-holders

Rank	Name	Number of Options	% of Options
1	Costello Consulting Pty Ltd	750,000	12.27
2	Gazump Resources Pty Ltd	450,000	7.36
3	H H Sutton Nominees Pty Ltd	343,125	5.61
4	Martin Place Securities Staff Superannuation Fund Pty Ltd <MPSSF Investment A/C>	343,125	5.61
5	Mr James Wilson Wannan	270,000	4.42
6	Mr John Cook	219,000	3.58
7	Capereef Pty Ltd <APCA Retirement Fund A/C>	206,250	3.37
8	Avanteos Investments Limited <1823201>	200,000	3.27
9	Mrs Diana Mary O'Halloran Evans	163,750	2.68
10	Super 1136 Pty Ltd <IPI Retirement Fund A/C>	145,000	2.37
11	Mr Nicholas Ernst Bury <The Bury Family Account>	140,000	2.29
12	Mrs Marjorie Gertrude Beasley	115,000	1.88
13	Australian Structured Finance & + Investment Services Pty Ltd <The ASFIS Super Fund A/C>	112,500	1.84
14	Australorp Investments Pty Ltd <Australorp Super Fund A/C>	112,500	1.84
15	Marijke Sara Newnham	112,500	1.84
16	Mr Ian John Breedon	105,000	1.72
17	College Street Nominees Pty Ltd	105,000	1.72
18	Indigold Pty Ltd	105,000	1.72
19	Dr Adrian Porter + Mr Toby Robert Porter <Adrian Porter Super Fund A/C>	105,000	1.72
20	Jax Tyres <Executive Super Fund A/C>	105,000	1.72
		4,207,750	68.83

# Shareholder Information

As At 19 September 2012

## Top 20 Class C Option-holders

Rank	Name	Number of Options	% of Options
1	Alcardo Investments Limited <Styld 102501 A/C>	2,750,000	13.46
2	Geofin Consulting Services Pty Limited <Geofin Services A/C>	2,115,080	10.35
3	Gazump Resources Pty Ltd	1,705,035	8.34
4	WHI Securities Pty Ltd <Crown Credit Corporation A/C>	800,000	3.91
5	Maclem Pty Ltd	599,965	2.94
6	Perpetual Custodians Limited	595,000	2.91
7	Mr John Hughes Glasson + Mrs Irene Joan Glasson <The Glasson Superfund A/C>	550,000	2.69
8	Willpower Management Pty Ltd	550,000	2.69
9	Super 1136 Pty Ltd	510,000	2.50
10	Ms Rachel Anne Dreckow	500,000	2.45
11	Mr Robert John James + Mrs Carolyn Ann James <James Family A/C>	500,000	2.45
12	Mr Gary Samuel Kurzer + Ms Virginia Bella Aghan	500,000	2.45
13	Alectown Pty Ltd	450,000	2.20
14	Mr Nicholas Ernest Bury <The Bury Family Account>	300,000	1.47
15	Dr Marcus Andrew Stoodley	300,000	1.47
16	Mr Connor William Kneale McNeice	260,000	1.27
17	R Elliott & Associates Pty Ltd <T J Creasy Super Fund A/C>	250,000	1.22
18	Martin Place Securities Staff Superannuation fund Pty Ltd	245,000	1.20
19	Mr Brendon Moran	205,000	1.00
20	JFB Services Pty Limited	200,000	0.98
		13,885,080	67.95

## Top 20 Class E Option-holders [not listed]

Rank	Name	Number of Options	% of Options
1	Mr Stephen Mathwin	500,000	100.00
		500,000	100.00

## Top 20 Class F Option-holders [not listed]

Rank	Name	Number of Options	% of Options
1	Ms Catherine Mary Costello	250,000	50.00
2	Mr Douglas Peter LeMessurier	250,000	50.00
		500,000	100.00

---

---

# Shareholder Information

---

---

*As At 19 September 2012*

## Top 20 Other Option-holders (not listed)

Rank	Name	Number of Options	% of Options
1	Mr Robert Finder [option expire 5/12/17 – ex price \$0.20]	750,000	32.31
2	Mr Michael Abela [option expire 5/12/12 – ex price \$0.14]	460,741	19.85
3	Paradigm Capital Pty Ltd [option expire 5/12/12 – ex price \$0.14]	460,741	19.85
4	Mr John Glasson [200,000 options expire 24/8/20 – ex price \$0.065] [200,000 options expire 1/11/21 – ex price \$0.042]	400,000	17.23
5	Ms Deborah Nutt [50,000 options expire 6/1/19 – ex price \$0.165] [200,000 options expire 8/11/21 – ex price \$0.042]	250,000	10.76
		2,321,482	100.00

## Register of Securities

The register of securities is located at:

Computershare Investor Services Pty Limited  
GPO Box 1903 Adelaide, South Australia 5001, Australia

Enquiries [within Australia] 1300 729 063  
Enquiries [outside Australia] +61 3 9415 4675  
Facsimile +61 8 8236 2305

web.queries@computershare.com.au  
www.computershare.com.au



