

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

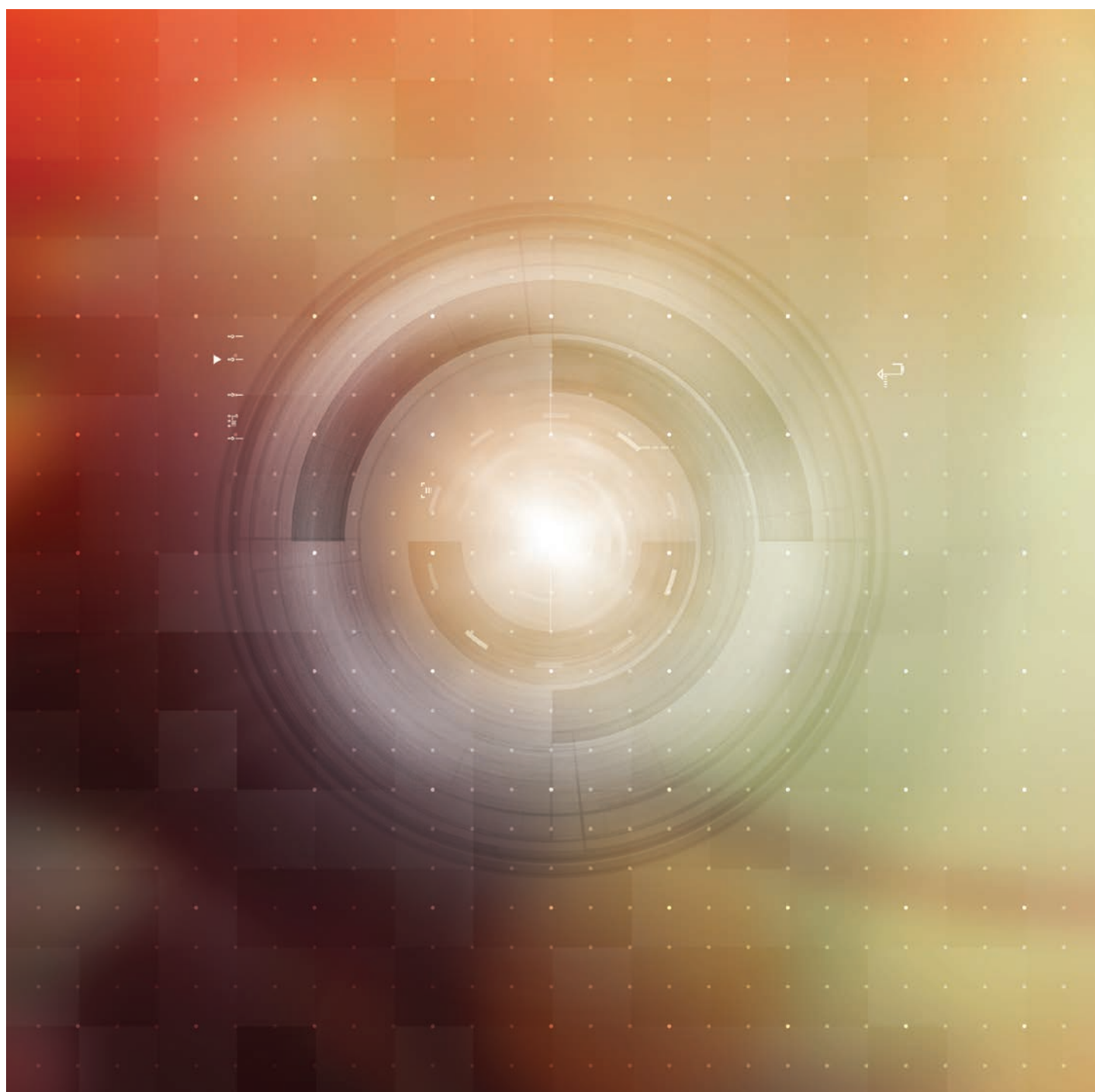
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LBT INNOVATIONS

Annual Report

For the year ended 30 June 2015





III

LBT Innovations

ABN 95 107 670 673

Principal Place of Business & Registered Office

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Adelaide SA 5000

Phone: +61 8 8227 1555

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Website: lbtinnovations.com

Directors

Robert Andrew Finder
Chairman

Lusia Halina Guthrie
Chief Executive Officer

Catherine Mary Costello
Non-executive Director

Stephen Paul Mathwin
Non-executive Director

Caroline Popper
Non-executive Director

Company Secretary

Daniel Hill
Chief Financial Officer and Company Secretary

Lawyers

Thomson Geer Lawyers

19 Gouger Street
Adelaide SA 5000

Auditors

HLB Mann Judd

167-169 Fullarton Rd
Dulwich SA 5065

Share Register

Computershare Investor Services Pty Limited

GPO Box 1903
Adelaide SA 5001

Listed Securities

LBT: Ordinary Shares

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Chairman's and CEO's Letter to Shareholders

Dear Shareholders,

2014/15 has been another watershed year for the Company with significant progress being made towards commercialisation of APAS®, the proving of our vision for WoundVue® and the return of MicroStreak® along with a significant injection of cash, which secures the Company's immediate future.

Revenue for the full financial year to 30 June 2015 was \$2.37 million, reflecting a 40.7% decrease on the \$3.99 million earned in 2013/14. The decrease was largely an indication of the completion of milestone payments from Hettich AG Switzerland, with whom we are partnering to bring our Automated Plate Assessment System, APAS, to global markets.

LBT's principal sources of revenue for the year included the final \$1 million milestone payment from Hettich and royalty income of \$846,000 from bioMérieux, which has been selling our MicroStreak technology as its PREVI® Isola plate-streaking instrument. Although 2015 began with the news that the French company would be terminating our exclusive license agreement, the financial year ended on the brink of a new agreement which – as you all now know – has injected \$7.9 million into LBT's cash flow position.

“2014/15 will also be remembered as the year that our ground-breaking plate-analysis technology, APAS, finally emerged from the shadows of pre-clinical trialling.”

While direct revenue was limited in 2014/15, LBT's cash position improved slightly on that of the previous year, closing at \$1.82 million. This was the result of our successful \$2.018 million capital raising exercise, concluded in August 2014, and a significant R&D tax concession, which delivered \$3.014 million on completion of our 2014 tax return. These two sums have provided invaluable funding for early-stage research into the development of our potential second 'intelligent imaging' product, WoundVue, and for the all-important clinical trials of APAS in the United States.

2014/15 will also be remembered as the year that our ground-breaking plate-analysis technology, APAS, finally emerged from the shadows of pre-clinical trialling. In less than 12 months, the core APAS technology underwent three clinical trials involving samples from 10,000 patients in Australia and the US, while our partners at Hettich made good progress towards the development of the first APAS laboratory instrument, an automated culture plate reader called APAS Independence™. As you will read in this report, APAS continues to impress the industry, with demonstrations of APAS software and a model of the APAS Independence instrument attracting widespread interest this year at the major microbiology conferences in Europe and the United States.

As the year was ending, we were reaching the final stage of the pivotal US trial and moving towards preparation of the 510(k) de novo submission to the U.S. Food and Drug Administration (FDA) for APAS to be integrated with lab instruments sold in the United States. As well as granting access to the world's largest medical market, FDA approval holds the key to LBT's ongoing negotiations with a number of major diagnostic companies and distributors who have expressed an interest in marketing APAS.



The Company's other significant achievement in 2014/15 has been the further development of WoundVue, which has progressed from a novel idea through proof of principle studies to validate this particular application of LBT's intelligent imaging platform. Our concept has attracted attention among wound care specialists both at home and internationally.

Following the completion of a favourable market survey of more than 200 wound care nurses in the United States, LBT has formed a new team to work with our established partners at the Australian Centre for Visual Technologies (ACVT) at the University of Adelaide.

After several months of negotiations, we were able to conclude a new licence agreement with bioMérieux shortly after the end of the financial year. This agreement will be beneficial to LBT and our shareholders in a number of ways beyond the obvious benefits of the \$7.9 million payment to our Company. As part of the negotiations, bioMérieux agreed to give LBT access to the technological improvements it has developed for MicroStreak, which is a valuable concession as we adapt and upgrade the technology for new markets. Just as importantly, bioMérieux has committed to continue servicing the 400-plus customers who have previously purchased PREVI Isola.

In August, LBT announced two key appointments: our new Chief Financial Officer, Daniel Hill, and a US-based coordinator for the APAS trials, Dr Patti Doherty. Towards the end of the year, we expanded our compliance team with the appointment of Julie Brookes as Quality Assurance Officer and Nicole Rotman joined our WoundVue team as a Project Officer.

As we move into the next fiscal year, LBT Innovation's primary focus remains the commercialisation of APAS and MicroStreak. The upfront payment of \$7.9 million from the new bioMérieux licence deal, places LBT Innovations in a much stronger position towards becoming a market innovation-driven business with several sustainable product revenue streams.

The Company has a keen eye to the future with several APAS line extensions and new products for the microbiology market under evaluation. The potential new application of our intelligent imaging platform for the wound care market through WoundVue will firmly cement LBT's future as a healthcare innovator with growing market relevance and penetration.

A handwritten signature in black ink, appearing to read 'Bob Finder'.

Bob Finder
Chairman

A handwritten signature in black ink, appearing to read 'Lusia Guthrie'.

Lusia Guthrie
Chief Executive Officer

Directors' Report

Your directors present their report on the Company for the year ended 30 June 2015.

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

Catherine Mary Costello

Non-executive Director

Stephen Paul Mathwin

Non-executive Director

Caroline Popper

Non-executive Director

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

Chief Financial Officer and Company Secretary

The following person held the position of Chief Financial Officer and Company Secretary at the end of the financial year:

Daniel Hill

Qualifications

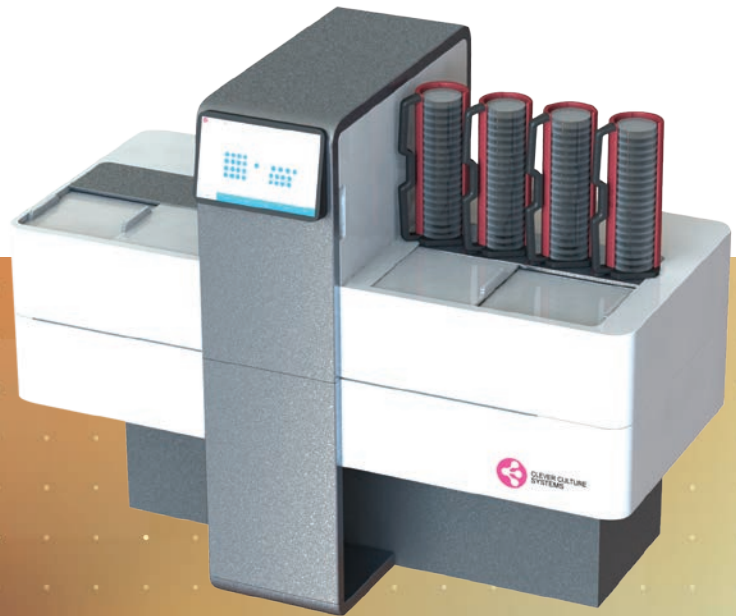
Bachelor of Accountancy, Chartered Accountant, MBA, Master of Applied Finance, Certificate in Governance Practice.

Experience

Daniel is an experienced chartered accountant of more than 15 years and has worked in various roles including public practice, finance and private equity. He is a non-executive director and / or company secretary of various private companies and is the company secretary of Southern Gold Ltd, an ASX listed company.

Daniel Hill was appointed 25 August 2014 as Chief Financial Officer.

Jamie Dreckow resigned his position as Company Secretary 20 November 2014 and was replaced by Daniel Hill appointed as both Chief Financial Officer and Company Secretary 20 November 2014.



Top: CCS APAS Independence model.
Left: PREVI Isola, based on LBT's MicroStreak technology

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.

Operating Results

LBT recorded an after-tax and comprehensive income profit for the year of \$549,000 (30 June 2014 \$331,000 profit).

Dividends Paid or Recommended

No dividends were paid, nor recommended to be paid for the year ended 30 June 2015.

Operational Highlights

- Major progress in the design of the first APAS instrument, a standalone plate reader, the APAS Independence, which remains on track for production in 2016
- Successful completion of two clinical trials of APAS at Australian clinical pathology laboratories
- Commencement of US clinical trials for APAS at TriCore Reference Laboratories in Albuquerque, New Mexico
- Development of a second project utilising LBT's intelligent imaging software – WoundVue, a conceptual device for monitoring and reporting the progress on treatment of chronic wounds, WoundVue
- New, non-exclusive, limited licence agreement completed for Microstreak for US\$5.5m, cash payable upfront.

Review of Operations

The 2014/15 financial year was bookended by two positive financial developments for LBT: a successful A\$2 million capital raising, and a new non-exclusive licence agreement with bioMérieux for MicroStreak, which injected A\$7.9 million into LBT's coffers at the start of 2015/16.

The year began with a successful share purchase plan, which concluded a two-part capital raising to generate funds for the APAS clinical trials and the early-stage development of WoundVue. The plan closed on 17 July 2014, raising A\$517,450 before costs and bringing the combined capital-raising proceeds to A\$2.018 million.

Preparations for the APAS trials were further strengthened in early September, when LBT received a major R&D Tax Concession refund of A\$3.014 million from the Australian Government. These funds also helped to accelerate research into a second potential application of our image interpretation software, in the fast-growing field of chronic wound care. Fuelled by the growing incidence of obesity and type 2 diabetes, the treatment of chronic wounds accounts for a market estimated to be worth US\$60 billion annually, and LBT has been quick to identify an opportunity for a conceptual hand-held wound assessment device called WoundVue.

In September, LBT took its first formal steps towards the commercialisation of APAS when it launched two clinical trials of the core technology at the laboratories of Healthscope Pathology in Melbourne and Adelaide.

The two trials put APAS through its paces in a busy laboratory setting, testing its capacity to identify the presence of clinically significant bacterial growth, and to enumerate and presumptively identify various disease-causing bacteria in urine samples from 4,300 patients. As well as detecting the presence of the key pathogens implicated in urinary tract infections, APAS delivered highly accurate counts of 'primary isolate' colonies – proving it can replace one of the most time-consuming tasks in the microbiology workflow. Perhaps most importantly, the trials concluded that the technology had not missed a single pathogen in any of the samples studied.



APAS clinical trial team at TriCore Pathology Laboratories, Albuquerque USA.

Review of Operations

Meanwhile, the APAS instrument continued to develop into a commercial reality under the supervision of Hettich AG Switzerland, LBT's 50:50 partner in the APAS project. Over the course of the year, significant progress was made in the development of the first APAS instrument, a standalone plate reader that will be called the APAS Independence.

Through our joint venture company, Clever Culture Systems AG Switzerland (CCS), Hettich's engineers have also been working with LBT software engineers to develop the interface for integrating the APAS software – the 'brains' of the technology – with the APAS Independence instrument. The project remains firmly on track to produce the first market-ready plate-reading instruments in 2016.

Prior to the beginning of the US trial of APAS, LBT was delighted to report the securing of its first US patent for the technology. The patent, announced on 26 March, relates to APAS's 'colour calibration' of culture-plate images, in a way that makes it simpler for computers to classify and distinguish between bacterial colonies and culture media. The 20-year patent is the first of five patents for which LBT has applied to the U.S. Patent & Trademark Office, to safeguard the intellectual property associated with its intelligent imaging technology.



The LBT Team L-R: Dan Hill, Company Secretary and CFO; Peter Bradley, Vice President Global Business Development; Julie Winson, Quality Assurance Manager; John Glasson, Scientific Director; Lusia Guthrie, CEO; Michael Summerford, Apps Lab Manager and Senior Microbiologist; Mandy Liebelt, Microbiologist; Tomasz Grzegurko, Computer Scientist.

Review of Operations

The microbiology industry itself had a chance to see APAS in action at this year's annual conferences, which remain the most important 'shop window' for any new diagnostic product. LBT sent its senior team – CEO Lusia Guthrie, VP Global Business Development Peter Bradley and Senior Microbiologist Michael Summerford – to unveil the APAS software alongside a 3D scale model of the APAS Independence at the conferences of the American Society for Microbiology (ASM) and the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID). Posters were also presented outlining APAS's success in clinical trials to date, which are also the subject of a forthcoming article in the ASM's Journal of Clinical Microbiology.

On 9 June 2015, after lengthy preparations by visiting LBT technicians, the Company began the US trial of APAS at TriCore Reference Laboratories in Albuquerque, New Mexico – one of the largest clinical pathology laboratories in the southern United States. The trial represents the single most important test of LBT's technology, and the key to all-important regulatory approvals by the FDA.



Peter Bradley at CCS booth, ECCMID Annual General Meeting 2015, Copenhagen.

The trial tested APAS's capacity to identify the growth of significant bacteria in urine samples from 5,700 patients – its largest field of samples to date. The choice of urine samples as the first 'testing ground' was also key, as these represent approximately 55% of all human specimens analysed by microbiology labs worldwide. LBT's microbiologists and software scientists are also developing APAS modules for other specimen types that will eventually form a catalogue of software modules to expand the operational (and commercial) capabilities of APAS.

In late 2015 LBT proposes to complete its 510(k) de novo submission to the FDA for APAS to be registered as a Class 2 Medical Device in the United States. This all-important submission not only holds the key to approval for APAS to be 'built in' to laboratory instruments sold in the US, but to LBT's ongoing negotiations with a number of major diagnostic companies that are interested in marketing and distributing the technology globally.

Review of Operations

LBT's plans to apply its intelligent imaging technology to another fast-growing area of healthcare – the treatment of chronic wounds – received a welcome boost in October, with the announcement of a A\$250,000 development grant from the South Australian Government's bioscience agency.

Fuelled by an ageing population and the growing incidence of obesity and type 2 diabetes, the treatment of chronic wounds has become a major market, worth an estimated US\$60 billion annually. LBT has been quick to identify an opportunity for digital image analysis in a conceptual handheld device that could be used to track and assess the progress of individual wounds.

“Although it remains ‘early days’, these early forays by the LBT-ACVT team have been extremely promising.”

WoundVue applies image-recognition algorithms to the analysing of chronic wounds – defined as wounds open for six weeks or more, which can have serious implications for patients who are housebound or immobilised by obesity or ill health. Like APAS, WoundVue has the potential not only to make a critical diagnostic process more accurate and less susceptible to human error, but offers major potential efficiencies in clinical reporting and integration into modern hospital records systems.

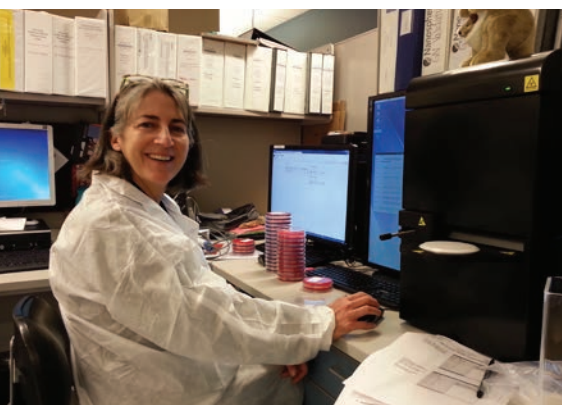
The BioSA grant has also enabled us to take on the services of a dedicated and experienced wound care nurse, Nicole Rotman, who has been working with the ACVT's Dr Zygmunt Spzak to apply our image-analysis system to imagery of actual wounds, in an effort to ensure its interpretation provides clinically relevant and useful information. Their work to date has been extremely encouraging, a great start on a journey towards a device that could potentially deliver significant clinical value.

LBT has been working with our computer vision partners at the Australian Centre for Visual Technologies (ACVT) to assess the efficacy of our imaging technology in the analysis of different types of chronic wounds, as a prelude to the development of a prototype image test system that will be able to capture, analyse and describe the clinically relevant features identified by our research.

Although it remains ‘early days’, these early forays by the LBT-ACVT team have been extremely promising. LBT has developed close relationships with many of the principal wound care experts in Australia – most notably the wound care team at Adelaide's Queen Elizabeth Hospital, where the close support of Professor Rob Fitridge and Wendy McInnes has enabled us to gain ethics committee approval to access a number of patients with diabetic and vascular wounds.

The BioSA grant has also enabled us to take on the services of a dedicated and experienced wound care nurse, Nicole Rotman, who has been working with the ACVT's Dr Zygmunt Spzak to apply our image-analysis system to imagery of actual wounds, in an effort to ensure its interpretation provides clinically relevant and useful information. Their work to date has been extremely encouraging, although it remains the beginning of a long journey towards a device that could potentially deliver significant clinical value.

The 2014/15 year also brought a new chapter for our original automated plate-streaking technology, MicroStreak. LBT's automated culture plate streaker has been in-market for seven years, as PREVI Isola, under an exclusive licence with bioMérieux. In January, bioMérieux advised their intention to terminate the current agreement. On 27 August, the Company announced a new agreement with bioMérieux. The new agreement terminates the initial exclusive licence signed in 2007 and converts it to a non-exclusive licence. Both companies will be free to pursue their development in laboratory automation independently.



APAS clinical trial team at TriCore Pathology Laboratories, Albuquerque USA. Above: Patti Doherty, Clinical Trial Coordinator (Albuquerque).

Review of Operations

Under the new licence bioMérieux will retain the sole rights to service and support the installed base of PREVI Isola systems, including supply of the patented disposable applicators used in the streaking process, and will discontinue sales of new systems by 30 July 2016. bioMérieux will focus its resources on the strategic alliance the company entered on 9 January 2015 with the Italian company Copan.

Under the new arrangements, LBT Innovations received a one-time, full and final upfront payment of US\$5.5 million (A\$7.9 million), and will receive non-exclusive technology rights to improvements developed by bioMérieux as solely related to the MicroStreak technology. LBT will recover global rights to pursue its own development, manufacturing and commercialisation of a MicroStreak product.

bioMérieux also demonstrated the continuing goodwill that exists between the two companies by pledging to return to LBT all of the manufacturing specifications and technological improvements it has developed for MicroStreak – important to LBT as we seek to 're-engineer' the technology for new markets.

2014/15 also saw a number of new appointments at LBT, as we expanded our technology portfolio and strengthened our efforts to secure regulatory compliance for APAS. In August 2014, we took on the services of a highly experienced Chief Financial Officer, Daniel Hill, who has joined us to oversee LBT's financial operations and to help us develop the longer-term risk management strategies that will be necessitated by a busy period of product development and marketing.

The same month, we engaged Dr Patti Doherty, a highly regarded biotech consultant to co-ordinate the clinical trial undertaken at TriCore in New Mexico. We have also expanded our compliance team with the appointment of Quality Assurance Officer Julie Brookes, who will support Julie Winson in negotiating the complex web of compliance standards and guidelines that are required for the commercial production of APAS software.

As already mentioned, we have taken on the services of a vascular nurse, Nicole Rotman, who is supporting LBT and our partners at the ACVT as we seek to 'prove up' the potential of digital imaging in the monitoring and reporting of chronic wounds.

Future Developments, Prospects and Business Strategies

With the steady progress to market of our APAS technology, a new start beckoning for MicroStreak, and the clear potential of WoundVue, the coming year offers a tremendously exciting time for LBT Innovations. With the arrival of the first market-ready APAS instrument, the 2015-16 year should help to establish LBT as a serious global player in the laboratory automation market – with solutions for two of the most time-consuming tasks in modern microbiology.

The arrival of APAS should also help to elevate the profile of WoundVue, as we seek to realise some of the broader potential offered by the remarkable 'intelligent imaging' system. The evolution of a third product with significant global scope also provides clear advantages for the future funding and assessment of other applications of our imaging technologies in the fields of environmental monitoring, food testing, and other 'diagnostic frontiers'.

The broad objectives for the 2015/16 financial year are for LBT to:

- Submit our 510(k) de novo application to the U.S. Food and Drug Administration for APAS to be registered as a Class 2 Medical Device for integration with laboratory instruments sold in the United States;
- Complete the development of the first market-ready APAS instrument, the APAS Independence, and advance the testing and development of an APAS-enabled auto-incubator;
- Apply for CE marking for the APAS technology in all European territories;
- Progress the WoundVue development program;
- Advance negotiations with global diagnostics companies interested in partnering with LBT in the marketing and distribution of MicroStreak.

Financial Overview

Revenue for the year to 30 June 2015 was \$2.37 million (down from \$3.99 million for the year ended 30 June 2014). Revenue consisted primarily of:

- \$1.00 million APAS milestone recognised through the JV company from Hettich AG Switzerland in line with the terms of the joint venture agreement;
- Interest revenue of \$43,000 (consistent with the year ended 30 June 2014);
- Royalty income of \$846,000 (up from \$648,000 for the year ended 30 June 2014) from bioMérieux under the MicroStreak licence agreement;
- The recognition of deferred commercial ready grant income of \$141,000 (consistent with the year ended 30 June 2014);
- Income recognised of \$135,000 from a BioSA grant (total grant approved of \$250,000);
- An Export Market Development Grant of \$34,000 (down from \$128,000 for the year ended 30 June 2014);
- APAS module income of \$76,000 relating to recognition of the sale of a prototype to CCS in Switzerland, and
- Consulting income of \$68,000 relating to recoveries from the JV entity, CCS in Switzerland.

Significant components of overall expenses for the year included:

- Employee benefits expenses of \$0.76 million (down from \$1.14 million for the year ended 30 June 2014 as a result of increased Intangible Asset capitalised expense);
- Depreciation and amortisation expenses of \$0.76 million (\$0.72 million for the year ended 30 June 2014).

LBT received an R&D tax concession refund of \$3.014 million following completion of the 2014 tax return. The Company has lodged a claim for the 2015 financial year and expects to receive \$1.825 million.

The cash position as at 30 June 2015 was \$1.82 million (\$1.79 million at 30 June 2014).

Financial Position

Net assets of the Company increased by \$2.12 million from \$13.56 million at 30 June 2014 to \$15.68 million at 30 June 2015.

Cash on hand and at the bank increased to \$1.82 million at 30 June 2015. This increase resulted from the Company's inflows associated with the APAS JV agreement, the R & D tax concession, the SPP and tranche 2 placement proceeds of the capital raising announced on 18 June 2014 totalling \$1.62 million (excluding fees) and a \$1 million loan from the Directors and Officers of the Company (repayable on the receipt of the 2015 R & D tax concession refund).

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

On 27 August 2015, the Company announced that it had signed a new licence agreement with bioMérieux, thereby terminating the licence agreement with the French company signed in 2007. As a part of the new, non-exclusive licence, the Company received US\$5.5 million (A\$7.9 million) in September 2015.

About LBT Innovations

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

Environmental Issues

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

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 from 2002-06 (before the Novozymes acquisition).

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 is 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	583,911	Ordinary shares
The Sherrob9 Fund	4,742,093	Ordinary shares

Directorships held in other listed entities	Nil	
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Interest in Contracts	Nil	
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The information provided above is current as at 14 September 2015.

Information on Directors

**Lusia Halina Guthrie****Qualifications**

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

Experience

Lusia has over 35 years' experience in the healthcare industry. 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 systems 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.

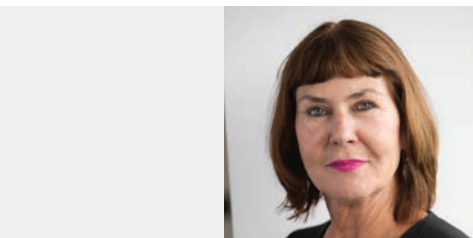
Lusia has previously served as a member of the Manufacturing Consultative Council (MCC) for the State Government of South Australia, a member of the Future Manufacturing Industry Innovation Council (FMIIIC) for the Commonwealth Department of Industry, Innovation, Science and Research, and on the Assessment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

She currently serves on AusMedtech, the Ausbiotech Medical Devices Advisory Committee, the ACVT Industry Advisory Panel, the School of Computer Science at the University of Adelaide, and is a Panel Member of the ARI Commercial Accelerator Scheme at the University of Adelaide. Lusia is also a member of the School Council of Loreto College, Adelaide.

Interest in Shares	148,149	
Interest in Options	Nil	
Third Party Holdings		
LH & HB Guthrie as trustees of the Podlaska Super Fund	5,975,606	Ordinary shares
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	

The information provided above is current as at 14 September 2015.

Information on Directors

**Catherine Mary Costello****Qualifications**

Law Degree (University of Melbourne)

Experience

Kate was in management with a commercial law firm before establishing a management consultancy. She 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 Integrated Research Ltd and chairmanship of Saab Intelligent Transport Systems Ltd and Bassett Consulting Engineers. She is currently a director of Intellitrain Holdings and Chair of bzip Pty Ltd.

Interest in Shares	760,716	Ordinary shares
Interest in Options	250,000	Class F Options
Third Party Holdings		
Costello Consulting Pty Ltd as director	1,335,312	Ordinary Shares
Directorships held in other listed entities	Integrated Research Ltd	
Interest in Contracts	Nil	

The information provided above is current as at 14 September 2015.

Stephen Paul Mathwin**Qualifications**

Law Degree (University of Adelaide)

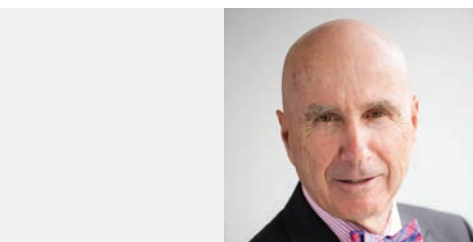
Experience

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. During that time he headed the firm's Employment, Industrial Law and Superannuation Section. He was also responsible for managing much of Kelly & Co's internal risk management functions. Stephen remains a Consultant to the firm.

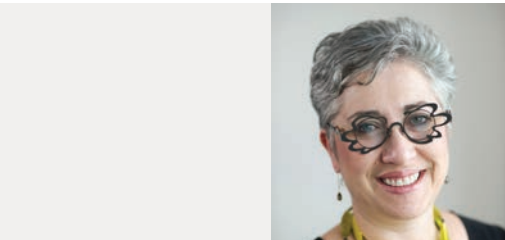
Stephen is Chairman of Australian Timbers Ltd, Cavitus Pty Ltd, Poly Products Co Pty Ltd and Viking Rentals Pty Ltd. He is a director of Paragon Private and the McArthur Management Group of Companies. Stephen is a former Deputy Chairman and Chairman of the Investment Committee of Non-Government Schools (NGS) Superannuation Fund, an industry fund with funds under management exceeding \$6 billion. During his time at NGS, the fund grew from \$1.6 billion to more than \$5 billion. Stephen is also a former Chairman of the School Council of Westminster School Incorporated and is Chairman of the Investment Committee for the Westminster School Foundation.

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	2,400,000	Ordinary Shares
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	

The information provided above is current as at 14 September 2015.



Information on Directors



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' operational experience in the international diagnostics, medical devices and drug discovery fields.

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.

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, in 2003 to provide strategic corporate and advisory services to businesses across the life sciences spectrum. Popper and Company is a strategy and M&A advisory firm focused on diagnostics, medical devices, life science tools and wireless health applications. Caroline's other directorships include BioAgilytix, Diversigen, Rarecyte, RPS Detectors, Pilgrim Software Inc and Tyrian Diagnostics Ltd, an ASX listed company.

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 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 pathology.

Interest in Shares	Nil	
Interest in Options	500,000	Options expiring 29 November 2022
Directorships held in other listed entities	Nil	
Interest in Contracts	Nil	

The information provided above is current as at 14 September 2015.

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 to 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 (KPIs), and
- issue of options to the directors and executives to encourage the alignment of personal and shareholder interests.

The fixed remuneration component is determined with regard to market conditions, 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 the achievement of KPIs. This policy aligns the interests of option holders with those of shareholders and creates a direct relationship between individual remuneration outcomes and Company performance. Option holders will only benefit in circumstances where relevant KPI milestones are met and there is a material increase in the underlying share price 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 is illustrated by the following table that shows the gross revenue, profits/(losses), earnings per share and closing share prices on 30 June for the past five years. During the financial year, the Company's share price traded between a low of \$0.05 and a high of \$0.145.

	2015	2014	2013	2012	2011
Revenue	\$2.37m	\$3.99m	\$4.42m	\$1.02m	\$0.74m
Net Profit / (Loss)	\$0.32m	\$0.29m	\$0.53m	\$(1.15)m	\$(1.16)m
Basic Earnings per share (cents per share)	0.28	0.29	0.53	(1.16)	(1.17)
Diluted Earnings per share (cents per share)	0.28	0.29	0.53	(1.16)	(1.17)
Full year ordinary dividends per share (cents)	Nil	Nil	Nil	Nil	Nil
Year end share price (last traded price on 30 June)	\$0.06	\$0.14	\$0.09	\$0.04	\$0.04

The LBT Innovations Board policy for determining the nature and amount of remuneration for board members and senior Company executives follows.

Remuneration Report

Executive Terms & Conditions

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

The Nominations and Remuneration Committee reviews executive packages annually with 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 upon 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 packages 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 (KPIs):

- are set annually by the Board on recommendation from the 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;
- the level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to KPIs is assessed annually, with minor quarterly reviews and bonuses being awarded depending on the number and difficulty of the KPIs achieved.

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

Superannuation

Executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in the 2014/15 financial year, they 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's 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.

Remuneration Report

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.

Key Management Personnel Remuneration

2015	Cash Salary, Fees & Commissions	Long Service Leave	Cash Bonus	Superannuation Contributions	Non-Cash Benefits	Shares	Options ⁽¹⁾	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Mr R A Finder	77	0	0	7	0	0	0	84
Mrs L H Guthrie	257	7	58	35	0	0	0	357
Mrs C M Costello	52	0	0	5	0	0	0	57
Mr S P Mathwin	23	0	0	32	0	0	0	55
Dr C Popper	46	0	0	0	0	0	6	52
Mr P M Bradley	195	0	0	19	0	0	0	214
Mr D Hill ⁽²⁾	75	0	0	0	0	0	0	75
	725	7	58	98	0	0	6	894

(1) 500,000 options were granted to Dr Caroline Popper during the year ended 30 June 2013 and in accordance with AASB2 "Share Based Payments" the fair value of the options has been expensed over the vesting period.

[2] Mr D Hill commenced on 25 August 2014.

2014	Cash Salary, Fees & Commissions	Long Service Leave	Cash Bonus	Superannuation Contributions	Non-Cash Benefits	Shares	Options ⁽¹⁾	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Mr R A Finder	77	0	0	7	0	0	0	84
Mrs L H Guthrie	255	8	61	35	0	0	0	359
Mrs C M Costello	52	0	0	5	0	0	0	57
Mr S P Mathwin	28	0	0	27	0	0	0	55
Dr C Popper	46	0	0	0	0	0	15	61
Mr P M Bradley	191	0	0	18	0	0	0	209
	649	8	61	92	0	0	15	825

(1) 500,000 options were granted to Dr Caroline Popper during the year ended 30 June 2013 and in accordance with AASB2 "Share Based Payments" the fair value of the options has been expensed over the vesting period.

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

Options Granted as Remuneration

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

All options were granted for nil consideration.

100,000 options were granted as remuneration to Mr Peter Bradley during 2014.

500,000 options were granted as remuneration to Dr Caroline Popper during 2013.

Shares Issued on Exercise of Compensation Options

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

Meetings of Directors

During the period to 30 June 2015, eleven meetings of directors were held. Attendances by each director during the reporting period were:

	Number Eligible to Attend	Number Attended
Mr R A Finder	11	11
Mrs L H Guthrie	11	11
Mrs C M Costello	11	10
Mr S P Mathwin	11	11
Dr C Popper*	11	8

* Dr Popper resides in the United States of America and due to time zone differences was unable to attend 3 meetings during 2014/15.

During the period to 30 June 2015, two 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	2	2

During the period to 30 June 2015, one meeting 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	1	1
Mr R A Finder	1	1
Dr C Popper	1	0

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 willful 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 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
E	17/04/2017	\$0.200	500,000	500,000
F	24/05/2017	\$0.300	500,000	500,000
n/a	5/12/2017	\$0.200	750,000	750,000
n/a	6/01/2019	\$0.165	50,000	50,000
n/a	24/8/2020	\$0.065	200,000	200,000
n/a	29/11/2022	\$0.058	500,000	500,000
n/a	11/12/2023	\$0.045	100,000	100,000
			2,600,000	2,600,000

No person entitled to exercise an 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.

Non-audit Services

The Board of directors are 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 does 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 2015: NIL.

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 21.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements 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

Dated at Adelaide this 18th day of September 2015.

Auditors' Independence Declaration



Chartered Accountants

**LBT INNOVATIONS LIMITED ABN 95 107 670 673 AND CONTROLLED ENTITY
AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF LBT INNOVATIONS LIMITED

As lead auditor for the audit of the consolidated financial report of LBT Innovations Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to LBT Innovations Limited and the entity it controlled during the period.

A handwritten signature in blue ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Phil Plummer'.

Phil Plummer
Partner

Adelaide, South Australia
18 September 2015

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 2015

	Note	2015 \$000	2014 \$000
Revenue	3	2,367	3,991
Share of profit / (loss) of associates & joint ventures accounted for using the equity method		(92)	(71)
Consulting fees	4a	(77)	(334)
Employee benefits expense	4b	(761)	(1,138)
Depreciation and amortisation expense		(764)	(716)
General administration expenses		(205)	(156)
Legal		(64)	(47)
Marketing		(78)	(32)
Finance costs		(32)	0
Other expenses	4c	(630)	(2,468)
Profit / (Loss) before income tax		(336)	(971)
Income tax (expense) / benefit	5a	657	1,263
Net profit / (loss) for the year		321	292
Other comprehensive income		228	39
Other comprehensive income net of tax		228	39
Total comprehensive profit for the year		549	331
Basic earnings per share (cents per share)		0.28	0.29
Diluted earnings per share (cents per share)		0.28	0.29

The accompanying notes form part of the financial statements.

Statement of Financial Position

As At 30 June 2015

	Note	2015 \$000	2014 \$000
Assets			
Current Assets			
Cash and cash equivalents	6	1,818	1,791
Trade and other receivables	7	838	491
Current tax asset		1,825	3,014
Total Current Assets		4,481	5,296
Non-Current Assets			
Plant and equipment	8	62	65
Investments accounted for using the equity method	9	1,675	1,507
Deferred tax assets	17a	1,488	1,735
Intangible assets	10	16,868	13,845
Total Non-Current Assets		20,093	17,152
Total Assets		24,574	22,448
Current Liabilities			
Trade and other payables	11	866	2,672
Financial liabilities	12a	1,195	141
Total Current Liabilities		2,061	2,813
Non-Current Liabilities			
Financial liabilities	12b	1,761	1,902
Deferred tax liabilities	17b	4,964	4,085
Provisions		104	84
Total Non-Current Liabilities		6,829	6,071
Total Liabilities		8,890	8,884
Net Assets		15,684	13,564
Equity			
Issued capital	13	13,187	11,665
Reserve	14	1,040	845
Retained earnings		1,457	1,054
Total Equity		15,684	13,564

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2015

	Option Reserve	Foreign Currency Translation Reserve	Share Capital	Accumulated (Losses) / Retained Earnings	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2013	791	0	11,297	762	12,850
Share placement	0	0	399	0	399
Options exercised	0	0	17	0	17
Capital raising costs	0	0	(61)	0	(61)
Options granted as remuneration	15	0	0	0	15
Tax effect attributable to items in equity	0	0	13	0	13
Comprehensive income	0	39	0	0	39
Profit attributable to members	0	0	0	292	292
Balance at 30 June 2014	806	39	11,665	1,054	13,564
Elimination on deconsolidation	0	(39)	0	82	43
Share placement	0	0	1,619	0	1,619
Capital raising costs	0	0	(139)	0	(139)
Options granted as remuneration	6	0	0	0	6
Tax effect attributable to items in equity	0	0	42	0	42
Comprehensive income	0	228	0	0	228
Profit attributable to members	0	0	0	321	321
Balance at 30 June 2015	812	228	13,187	1,457	15,684

The accompanying notes form part of the financial statements

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Cash Flows From Operating Activities			
APAS licence signing fee		0	2,000
APAS milestone payments received		482	3,000
APAS module Income		118	0
Government grants received		243	128
Payments to suppliers and employees		(1,662)	(4,212)
Research and development tax concession		3,014	827
Royalties received		810	650
Interest received		43	43
Net Cash Provided by / (Used in) Operating Activities	15	3,048	2,436
Cash Flows From Investing Activities			
Research and development (intangible asset)		(5,424)	(1,865)
Payments for plant and equipment		(35)	(72)
Sale of equipment		0	35
Net Cash Used in Investing Activities		(5,459)	(1,902)
Cash Flows From Financing Activities			
Loan received		1,000	0
Loan commitment fees paid		(30)	0
Cash proceeds from exercise of options		0	17
Cash proceeds from share placement (Tranche 2 and SPP)		1,619	399
Capital raising costs		(175)	(26)
Net Cash Provided by Financing Activities		2,414	390
Net increase/(decrease) in cash and cash equivalents		3	924
Cash and cash equivalents at beginning of year		1,791	876
Exchange rate adjustments		24	(9)
Cash and Cash Equivalents at end of year	6	1,818	1,791

The accompanying notes form part of the financial statements

Notes to the Financial Statements

For the year ended 30 June 2015

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 consolidated financial report covers LBT Innovations Ltd, a public company incorporated and domiciled in Australia and its joint venture, a private Swiss company Clever Culture Systems AG (CCS), 50% owned by LBT Innovations Ltd.

The financial report of LBT Innovations Ltd 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 consolidated 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.

Basis of Consolidation

The group's financial statements consolidate the financial statements of LBT Innovations Ltd and CCS. CCS's financial statements were prepared for the same reporting period using consistent accounting policies. Intercompany balances and transactions, including unrealised profits arising from intercompany transactions have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

1. Statement of Significant Accounting Policies

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 the 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.

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 and APAS 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).

Capitalised APAS development costs include software development, consulting, and some internal salaries incurred from December 2013.

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.

Capitalised development costs have 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, capitalised costs have been amortised on a straight-line basis over the remaining licence term of 14.5 years. Amortisation expense relating to capitalised MicroStreak development costs is approximately \$671,000 per annum. 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 has also been recognised as revenue on a straight-line basis over the remaining term of the licence. Revenue of approximately \$141,000 per annum relating to the grant will be recognised going forward.

At present there is no amortisation of capitalised APAS development costs with the exception of IT licences purchased on an annual basis. This will commence once commercial income from product is generated. APAS commercialisation will be managed through the 50:50 JV company established through a JV agreement signed in 2013 with Hettich AG Switzerland. A total of \$6 million in sign on fees and milestone payments have already been recognised by LBT, to which \$5.5 million has been received in cash and \$0.5 million receivable.

1. Statement of Significant Accounting Policies

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.

f. Investment Accounted for Using the Equity Method

Investment in Joint Venture

LBT established a joint venture company, Clever Culture Systems AG (JV), with Hettich AG Switzerland. LBT has a 50% interest in the JV into which it has contributed CHF25,000 share capital and granted a licence to use its APAS technology. Hettich AG Switzerland also holds a 50% interest in the JV into which it has contributed CHF25,000 share capital and has committed to an additional working capital injection of €1.07 million. The investment in the JV with Hettich AG Switzerland is accounted for using the equity method in accordance with AASB 128. Under the equity method, the investment in the JV is initially recognised in the balance sheet of LBT at cost, and adjusted for post-acquisition changes in LBT's share of net assets in the JV. The initial cost of the investment into the JV was assessed as the CHF25,000 share capital contribution together with the fair value of the licence granted to the JV to use its APAS technology, being \$1.51 million.

Financial statements of the equity-accounted for entity are prepared for the same reporting period as the group.

g. 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.

h. Cash and Cash Equivalents

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

i. 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).

1. Statement of Significant Accounting Policies

j. 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.

k. 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.

l. 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.

LBT's joint venture's transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the statement of financial position's date. Any resulting exchange differences are included in the comprehensive income statement. Non-monetary assets and liabilities, other than those measured at fair value are not retranslated subsequent to initial recognition.

In the consolidated financial statements, the assets and liabilities of LBT's non-Australian dollar functional currency joint venture are translated into Australian dollars at the rate of exchange at the statement of financial position's date.

m. Comparative Figures

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

n. 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 grants 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.

1. Statement of Significant Accounting Policies

o. Adoption of New and Revised Accounting Standards

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2014.

- AASB 2013-3: Amendments to AASB 136-Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

The amendment removes extra disclosure requirements with regard to the measurement of the recoverable amount of impaired assets.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities (June 2012) (applicable for annual reporting periods commencing on or after 1 January 2014).

The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and liabilities permitting entities to present balances net on the balance sheet.

The adoption of new and revised Accounting Standards effective for the financial statements for the annual period beginning 1 July 2014 did not have a material impact on the Group's financial statements.

New Accounting Standards for Application in Future Periods

The Company notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2015. These standards have not been adopted early by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 Financial Instruments, including AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

- AASB 15 Revenue from Contracts with Customers (financial periods beginning on or after 1 January 2017)
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related interpretations:
 - establishes a new revenue recognition model
 - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
 - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
 - expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

- AASB 2014-1 Amendments to Australian Accounting Standards Customers (Part D: Consequential Amendments arising from AASB 14).

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (financial periods beginning on or after 1 January 2016)

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

p. 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.

2. Profit / (Loss) Before Income Tax Expense

- a. Share of profit / loss of associates and joint ventures accounted for using the equity method was included within the revenue line in the annual report for the financial year ended 30 June 2014. This is shown as a separate line item in this financial report. Below is the restated accounts as at 30 June 2014 which incorporates the effect of the change in accounting policy.

Restated Statement of Comprehensive Income For the Year Ended 30 June 2014

	Original Value 30/06/14 \$000	Adjustment \$000	Restated Value 30/06/14 \$000
Revenue	3,920	71	3,991
Share of profit / (loss) of associates and joint ventures accounted for using the equity method	0	(71)	(71)
Profit / (Loss) before income tax	(971)	0	(971)
Income tax (expense)/benefit	1,263	0	1,263
Other comprehensive income:	292	0	292
Other comprehensive income for the year net of tax	39	0	39
Total comprehensive income / (loss) for the year	331	0	331
Basic earnings per share (cents per share)	0.29	0	0.29

- b. Capitalised APAS development costs were presented within payments to suppliers and employees in the cash flows from operating activities section within the statement of cash flows in the annual report for the financial year ended 30 June 2014. LBT is now reporting this expenditure in the cash flows from investing activities. Below are the restated accounts as at 30 June 2014 which incorporates the effect of the change in accounting policy.

Cash Flows From Operating Activities

	Original Value \$000	Adjustment \$000	Restated Value \$000
Payments to suppliers and employees	(6,077)	(1,865)	(4,212)
Net Cash Provided by (Used in) Operating Activities	571	1,865	2,436
Cash Flows From Investing Activities			
Research and development (intangible asset)	0	(1,865)	(1,865)
Net Cash Used in Investing Activities	(37)	(1,865)	(1,902)
Cash Flows From Financing Activities			
Net Cash Provided by Financing Activities	390	0	390
Net increase / (decrease) in cash and cash equivalents	924	0	924
Cash and cash equivalents 1 July 2013	876	0	876
Exchange rate adjustments	(9)	0	(9)
Cash and Cash Equivalents 30 June 2014	1,791	0	1,791

	2015 \$000	2014 \$000
3. Revenue		
Operating activities	2,324	3,948
Interest	43	43
Total Revenue	2,367	3,991

4. Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:

(a) Consulting fees

Consulting fees include fees paid to assist with international market research, scientific and professional consulting.	77	334
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(b) Employee benefits expense

The employee benefits expense includes directors' fees payable in accordance with the prospectus and salaries and wages, including executive bonuses.	761	1,138
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(c) Other Expenses

Auditors' remuneration ⁽¹⁾	28	35
Rent	39	49
Travel and accommodation	127	164
External research and development	288	2,032
Others	148	188
	630	2,468

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:		
APAS milestone payments	1,000	3,000
Royalty income	846	648
Grant income	310	267
APAS module income	76	42
Consulting income	68	0
Foreign exchange gain (loss)	24	(9)
Interest income	43	43
	2,367	3,991

	2015 \$000	2014 \$000
5. Income Tax		
(a) The components of tax (benefit)/expense comprise:		
Current tax	(1,825)	(3,000)
Deferred tax	1,168	1,737
	(657)	(1,263)
(b) The prima facie tax on profits from ordinary activities before income		
Prima facie tax payable on profits from ordinary activities before income tax at 30%	(101)	(291)
Add:		
Tax effect of:		
Non-deductible amortisation	3	3
2015 R&D concession claim	(547)	0
2014 R&D concession claim	0	(1,005)
Capital raising costs	(12)	0
Other	0	30
Income tax attribute to the company	(657)	(1,263)
The applicable weighted average effective tax rates are as follows:	N/A	N/A
6. Cash and Cash Equivalents		
Cash at bank	1,818	1,791

	2015 \$000	2014 \$000
7. Trade and Other Receivables		
Current		
Trade	743	201
Other	32	23
GST refundable	63	267
Total Receivables	838	491

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.

	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	
2015							
Trade and term receivables	743	0	0	0	0	0	743
Other receivables	95	0	0	0	0	0	95
Total	838	0	0	0	0	0	838
2014							
Trade and term receivables	201	0	0	0	0	0	201
Other receivables	290	0	0	0	0	0	290
Total	491	0	0	0	0	0	491

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

	2015 \$000	2014 \$000
8. Plant and Equipment		
Plant and equipment at cost	166	131
Less: accumulated depreciation	(104)	(66)
Total plant and equipment	62	65
Movements in Carrying Amount		
Movements in carrying amounts of plant and equipment between the beginning and the end of the financial year were as follows:		
Opening balance	65	13
Additions	35	74
Disposals	0	(1)
Depreciation expense	(38)	(21)
	62	65
9. Investments Accounted for Using the Equity Method		
(a) Recognition of Carrying Amounts		
Investment in joint venture at cost (Note 1 (f))	1,539	1,539
Foreign currency translation reserve	228	39
Share of profit/(loss) in joint venture	(92)	(71)
	1,675	1,507

LBT Innovations Ltd has a 50% interest in a joint venture with Hettich AG Switzerland. The interest in the joint venture is held directly by LBT Innovations Limited. The purpose of the joint venture is to finalise the development of LBT's APAS technology.

The voting power held by LBT Innovations Ltd is 50%.

9. Investments Accounted for Using the Equity Method

(b) Summarised Financial Information for Joint Ventures

Set out below is the summarised financial information for Clever Culture Systems AG (CCS). Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian -Accounting Standards financial statements of CCS. The following summarised financial information, however, reflects the adjustments made by the group when applying the equity method, including adjustments for any differences in accounting policies between the group and the joint venture.

Summarised Financial Position

	2015 \$000	2014 \$000
Assets		
Current Assets		
Cash and cash equivalents	188	255
Trade and other receivables	1,067	1,018
Total Current Assets	1,255	1,273
Non-Current Assets		
Intangible assets	6,699	4,836
Total Non-Current Assets	6,699	4,836
Total Assets	7,954	6,109
Current Liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	0	0
Trade and other payables	604	95
Total Current Liabilities	604	95
Non-Current Liabilities		
Non-current financial liabilities	4,000	3,000
Total Non-Current Liabilities	4,000	3,000
Net Assets	3,350	3,014
Group's share (%)	50%	50%
Group's share of joint venture's net assets	1,675	1,507
Summarised Financial Performance		
Revenue	0	0
Depreciation and amortisation	0	0
Interest income	0	0
Interest expense	(56)	(25)
Other expenses	(52)	(121)
Profit / (Loss) after tax from continuing operations	(108)	(146)
Other comprehensive income	(76)	4
Total comprehensive income/(loss) for the year	(184)	(142)
Dividends paid	0	0
Group's share of joint venture's total comprehensive income / (loss)	(92)	(71)

	2015 \$000	2014 \$000
10. Intangible Assets		
MicroStreak option fee at cost	51	51
Less: accumulated amortisation (Note 1 (c))	(37)	(34)
	14	17
MicroStreak licence fee at cost	120	120
Less: accumulated amortisation (Note 1 (c))	(84)	(76)
	36	44
Patent fees	247	247
Less: accumulated amortisation (Note 1 (c))	(104)	(92)
	143	155
MicroStreak development costs (Note 1 (c))	11,959	11,959
Less: accumulated amortisation	(2,903)	(2,232)
	9,056	9,727
APAS development costs (Note 1 (c))	7,652	3,902
Less: accumulated amortisation	(33)	0
	7,619	3,902
Total intangible assets	16,868	13,845

The Microstreak intangible asset was, up until December 2014, measured on the net discounted cash flows of expected royalties to be received under the licence agreement entered into with bioMérieux in 2009. In January 2015, the Company was notified of an intention to terminate the licence agreement. In August 2015, the Company and bioMérieux agreed a licence agreement with a cash consideration of US\$5.5m (\$7.9m) for non-exclusive technology rights.

The Company has made an impairment review of the Microstreak intangible asset and considered the non-exclusive, limited licence with bioMérieux. The Company has evaluated the current technology and the market place, and has identified more than one party to manufacture an improved automated culture plate streaking system and to be, once again, marketing leading technology. The Company has also identified several interested licensing partners. The Directors are confident that the assessed future cash flows over the life of the asset support there being no impairment to the current carrying value of the Microstreak technology.

10. Intangible Assets

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	APAS Development Costs \$'000	Total Intangible Assets \$'000
Balance 1 July 2013	21	52	168	10,398	0	10,639
Additions	0	0	0	0	3,902	3,902
Disposals	0	0	0	0	0	0
Amortisation charge	(4)	(8)	(13)	(671)	0	(696)
Balance 30 June 2014	17	44	155	9,727	3,902	13,845
Additions	0	0	0	0	3,750	3,750
Disposals	0	0	0	0	0	0
Amortisation charge	(3)	(8)	(12)	(671)	(33)	(727)
Balance 30 June 2015	14	36	143	9,056	7,619	16,868

2015 \$000	2014 \$000
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11. Trade and Other Payables

Current

Trade creditors	866	2,672
Total trade and other payables	866	2,672

12. Financial Liabilities

(a) Current

Deferred revenue	141	141
Loan	1,000	0
Unexpended grants	54	0
Total current financial liabilities	1,195	141

(b) Non-current

Deferred revenue	1,761	1,902
Total non-current financial liabilities	1,761	1,902

	2015 \$000	2014 \$000
13. Issued Capital		
Issued and paid up capital		
114,723,367 (2014: 102,727,455) ordinary shares fully paid	14,988	13,369
Less: costs associated with capital raising		
Opening balance	(1,704)	(1,656)
Capital raising costs	(139)	(61)
Amount incurred during year (net of tax)	42	13
	13,187	11,665
	No.	No.
Ordinary shares		
At the beginning of the reporting period	102,727,455	99,374,861
Conversion of options 9 December 2013	0	400,000
Tranche 1 Placement allotted 25 June 2014	0	2,952,594
Share Purchase Plan allotted 7 August 2014	3,832,944	0
Tranche 2 Placement allotted 7 August 2014	8,162,968	0
At reporting date	114,723,367	102,727,455

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. 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.

	2015 \$000	2014 \$000
14. Reserve		
Option reserve		
Option reserve of valuation of share options ⁽¹⁾	812	806
Foreign currency translation reserve ⁽²⁾	228	39
	1,040	845

(1) The option reserve records items recognised as expenses on valuation of issued share options

(2) Exchange rate fluctuations on transactions of foreign operations taken to equity

15. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

Profit (loss) after income tax	549	331
Non-cash flows in loss		
Amortisation	727	696
Depreciation	37	21
Options expense	6	14
Other comprehensive income	(228)	(39)
Cash Flows attributed to investing activities	30	0

Changes in Assets and Liabilities

Decrease / (Increase) in receivables	462	1,790
(Decrease)/Increase in deferred revenue	(86)	(141)
(Increase) / Decrease in deferred tax asset	4	847
Decrease / (Increase) in current tax asset	243	(2,187)
Decrease / (Increase) in Investment accounted for using the equity method	92	71
Increase/(Decrease) in trade creditors	316	97
Increase/(Decrease) in provisions	0	24
Increase / (Decrease) in deferred tax liability	878	890
Increase/(Decrease) in deferred tax in equity	42	13
(Increase)/Decrease in net unrealised (gain) loss on foreign currency held	(24)	9
Cash flow from/(used in) operations	3,048	2,436

	2015 \$000	2014 \$000
16. Earnings Per Share		
Reconciliation of Earnings to Net Profit/(Loss)		
Net Profit/(Loss)	321	292
Earnings used in the calculation of basic earnings per share	321	292
Earnings used in the calculation of diluted earnings per share	321	292
Weighted average number of ordinary shares outstanding at 30 June 2015 used in the calculation of basic earnings per share	113,507,343	99,646,958
Weighted average number of options outstanding	2,600,000	2,778,904
Weighted average number of ordinary shares outstanding at 30 June 2015 used in the calculation of diluted earnings per share	113,507,343	99,646,958
17. Tax		
(a) Assets		
Deferred tax assets comprise:		
Future income tax benefits attributable to tax losses	807	1,051
Accruals	6	5
Leave entitlements	53	53
Assessable deferred accounting income	571	613
Capital raising costs	44	13
Other	7	0
	1,488	1,735
(b) Liabilities		
Deferred tax liabilities comprise:		
Capitalised development expenditure	4,948	4,067
Other	16	18
	4,964	4,085
(c) Reconciliations		
i Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	(2,350)	(612)
(Charge)/credit to income statement	(1,168)	(1,721)
Credit/(charge) to equity	42	(17)
Closing balance	(3,476)	(2,350)

	2015 \$000	2014 \$000
17. Tax		
c) Reconciliations cont.		
ii Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Carried forward income losses		
Opening balance	1,051	1,882
(Charge)/credit to the income statement	(244)	(831)
Closing balance	807	1,051
Non-deductable accrued expenses		
Opening balance	5	4
Credit/(charge) to the income statement	1	1
Closing balance	6	5
Provision for leave		
Opening balance	53	36
Credit to the income statement	0	17
Closing balance	53	53
Deferred income		
Opening balance	613	655
(Charge) to the income statement	(42)	(42)
Closing balance	571	613
Capital raising costs		
Opening balance	14	0
Credit to equity	30	14
Closing balance	44	14
Trademarks		
Opening balance	0	5
Credit/(Charge) to equity	7	(5)
Closing balance	7	0
iii Deferred tax liabilities		
Capitalised development expenditure		
Opening balance	4067	3,120
Charge to income statement	881	947
Closing balance	4948	4,067
Other		
Opening balance	19	75
(Credit)/charge to income statement	(3)	(57)
Closing balance	16	18

18. 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
Mrs C M Costello	Independent Director – Non-Executive
Mr S P Mathwin	Independent Director – Non-Executive
Dr C Popper	Non-Independent Director – Non-Executive

Key Management Personnel

Mr P Bradley	VP of Global Business Development
Mr Daniel Hill	Chief Financial Officer and Company Secretary

Key management personnel (KMP) remuneration has been included in the remuneration section of the Directors' Report.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2015 \$000	2014 \$000
Short term employee benefits	783	710
Post-employment benefits	98	92
Other long-term benefits	7	8
Share-based payments	6	15
Total KMP compensation	894	825

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current year's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accrued during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity settled benefit schemes as measured by the fair value of the options granted on the grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

18. Related Party Transactions

(b) Option Holdings

2015

Directors	Balance 01/07/14	Granted as Remuneration	Options Exercised	Other Change ⁽¹⁾	Balance 30/06/15	Total Vested 30/06/15	Total Exercisable 30/06/15	Total Unexercisable 30/06/15
Mr R A Finder	750,000	0	0	0	750,000	750,000	750,000	0
Mrs C M Costello	250,000	0	0	0	250,000	250,000	250,000	0
Mr S P Mathwin	500,000	0	0	0	500,000	500,000	500,000	0
Dr C Popper	500,000	0	0	0	500,000	500,000	500,000	0
Key Management Personnel								
Mr P Bradley	100,000	0	0	0	100,000	0	0	100,000
	2,100,000	0	0	0	2,100,000	2,000,000	2,000,000	100,000

2014

Directors	Balance 01/07/13	Granted as Remuneration	Options Exercised	Other Change ⁽¹⁾	Balance 30/06/14	Total Vested 30/06/14	Total Exercisable 30/06/14	Total Unexercisable 30/06/14
Mr R A Finder	750,000	0	0	0	750,000	750,000	750,000	0
Mrs C M Costello	250,000	0	0	0	250,000	250,000	250,000	0
Mr S P Mathwin	500,000	0	0	0	500,000	500,000	500,000	0
Dr C Popper	500,000	0	0	0	500,000	0	0	500,000
Key Management Personnel								
Mr P Bradley	0	100,000	0	0	100,000	0	0	100,000
	2,000,000	100,000	0	0	2,100,000	1,500,000	1,500,000	600,000

18. Related Party Transactions

(c) Shareholdings

2015

Directors	Balance 01/07/14	Received as Remuneration	Options Exercised	Net Change Other ⁽¹⁾	Balance 30/06/15
Mr R A Finder	5,157,331	0	0	0	5,157,331
Mrs L H Guthrie	6,123,755	0	0	0	6,123,755
Mrs C M Costello	1,797,228	0	0	0	1,797,228
Mr S P Mathwin	2,312,963	0	0	87,037	2,400,000
Dr C Popper	0	0	0	0	0
Key Management Personnel					
Mr P Bradley	0	0	0	0	0
Mr D Hill	0	0	0	0	0
Total	15,391,277	0	0	87,037	15,478,314

2014

Directors	Balance 01/07/13	Received as Remuneration	Options Exercised	Net Change Other ⁽¹⁾	Balance 30/06/14
Mr R A Finder	4,194,367	0	0	962,964	5,157,331
Mrs L H Guthrie	5,402,957	0	0	720,798	6,123,755
Mrs C M Costello	760,716	0	0	1,036,512	1,797,228
Mr S P Mathwin	1,750,000	0	0	562,963	2,312,963
Dr C Popper	0	0	0	0	0
Key Management Personnel					
Mr P Bradley	0	0	0	0	0
Total	12,108,040	0	0	3,283,237	15,391,277

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 2015 has been included in the Directors' Report.

The Company engaged the services of Popper and Company LLC during the year ended 30 June 2015. This is a company controlled by Caroline Popper. Popper and Company LLC was engaged to provide consultancy services relating to the oversight of clinical trials to the Company and was paid US\$230,958 (\$286,581) in the financial year on normal commercial terms.

In June 2015, the Company entered into a loan facility with related parties of Robert Finder, Stephen Mathwin and Daniel Hill for the provision of a \$1m loan facility intended to bridge the timing of the expected 2015 R&D tax refund. The Company reviewed similar loan facilities in the market place and terms were agreed at better than market terms. As at 30 June 2015, the full amount was drawn by the Company.

18. Related Party Transactions

(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 (2014 – 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 \$220,000.

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 – \$150,000

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.

19. 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, while 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. The Company no longer will receive USD royalty income from bioMérieux, as it has entered a new agreement receiving a one-time, final payment of US\$5.5m in September 2015. The timing of the exposure period will be minimal. Milestone payments and other income from the joint venture with Hettich AG Switzerland are invoiced and received in AUD.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate deposits. At 30 June 2015 none 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 April 2015 to 30 June 2015 amounting to US\$150,000.

The Company will initially deposit royalty receipts in a USD account held with the National Australia Bank. At 30 June 2015 the balance of this account was US\$239,698.

19. Financial Risk Management

(a) Financial Risk Management Policies cont.

ii) Financial Risk Exposures and Management cont.

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.

(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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial Assets														
Cash and cash equivalents	2.1%	2.4%	1,578	1,713	0	15	0	0	0	0	240	63	1,818	1,791
Receivables	0	0	0	0	0	0	0	0	0	0	838	491	838	491
Total Financial Assets			1,578	1,713	0	15	0	0	0	0	1,078	554	2,656	2,282
Financial Liabilities														
Deferred revenue	0	0	0	0	0	0	0	0	0	0	1,956	2,043	1,956	2,043
Trade Payables Borrowings	12.5%	0	0	0	1,000	0	0	0	0	0	970	2,756	1,970	2,756
Total Financial Liabilities		0	0	0	1,000	0	0	0	0	0	2,926	4,799	3,926	4,799

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

19. Financial Risk Management

(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 2015, 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:

	2015 \$000	2014 \$000
Change in profit		
- increase in interest rate by 2%	25	27
- decrease in interest rate by 2%	(25)	(27)
Changes in equity		
- increase in interest rate by 2%	25	27
- decrease in interest rate by 2%	(25)	(27)

20. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2015:

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 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 \$0.20 and may be exercised from 5 December 2009 to 5 December 2017. These options were granted on 24 May 2007.

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 2013, 500,000 share options were granted to Dr Caroline Popper in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.058 each. These options are exercisable during the period 29 November 2014 to 29 November 2022.

During 2014, 100,000 share options were granted to Peter Bradley in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.045 each. These options are exercisable during the period 11 December 2015 to 11 December 2023.

20. Share-Based Payments

	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	2015	\$	2014	\$
Outstanding at the beginning of the year	2,600,000	0.175	2,900,000	0.16
Granted	0		100,000	
Forfeited	0		0	
Exercised	0		400,000	
Expired	0		0	
Outstanding at year end	2,600,000	0.175	2,600,000	0.175
Exercisable at year end	2,500,000	0.18	2,000,000	0.21

During 2014, 400,000 share options granted to employees in accordance with the Employee Share Options Plan were exercised.

The options outstanding at 30 June 2015 had a weighted average exercise price of \$ 0.175 and a weighted average remaining contractual life of 4.0 years. Exercise prices range from \$0.045 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 AASB 2 "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.

21. Segment Reporting

(a) The Company operates in one business segment, conducting research and development.

(b) Revenue by geographic region

	2015 \$000	2014 \$000
Australia	377	301
Switzerland	1,144	3,042
USA	846	648
Total revenue	2,367	3,991

(c) Assets by geographical region

The Company holds a 50% interest in the joint venture with Hettich AG Switzerland. At balance date, the carrying value of the Company's interest in the joint venture was \$1,675,000. The joint venture is based in Switzerland.

(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 36% of external revenue (2014 16%).

LBT Innovations recognised \$1,000,000 in Milestone payments and \$144,000 service fees during the financial year from its joint venture with Hettich AG Switzerland. LBT Innovations Ltd recognised 50% of the joint venture losses of \$184,000.

22. Credit Standby Arrangements

The Company has a credit standby facility of \$40,000. This facility was used to the extent of \$3,244 at balance date.

23. 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.

2015
\$000

2014
\$000

24. Operating Leasing Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable - minimum lease payments

- not later than 12 months	95	5
- between 12 months and five years	108	0

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 the minimum lease payments will be \$90,000 for the 1st year, \$95,000 in the 2nd year, and \$100,000 for the 3rd year. 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 lease areas.

25. Events After the Balance Sheet Date

Subsequent to 30 June 2015

On 27 August 2015, the Company announced that it had signed a new licence agreement with bioMérieux, thereby terminating the licence agreement with them signed in 2007. As a part of the new, non-exclusive licence, the Company received US\$5.5m (A\$7.9m) in September 2015.

26. Company Details

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

Level 1, 300 Flinders Street
Adelaide SA 5000

Phone: +61 8 8227 1555

Fax: +61 8 8223 1775

Website: lbtinnovations.com

Directors’ Declaration

The directors of the Company declare that:

- (1) the financial statements and notes, as set out on pages 22 to 50, 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 2015 and of the performance for the year ended on that date of the Company;
- (2) the Chief Executive Officer 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 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.


Lusina Halina Guthrie
Director


Robert Andrew Finder
Director

Dated at Adelaide this 18th day of September 2015.

Independent Auditor's Report



Chartered Accountants

LBT INNOVATIONS LIMITED

ABN 95 107 670 673

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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

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Postal: PO Box 377, Kent Town SA 5071

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT (continued)***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 consolidated entity's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matters

We draw attention to the following paragraphs in Note 10 to the financial statements which describe the uncertainty, related to the carrying value of the intangible asset (Intellectual Property) of LBT Innovations Limited.

"The Microstreak intangible asset was, up until December 2014, measured on the net discounted cash flows of expected royalties to be received under the licence agreement entered into with bioMérieux in 2009. In January 2015, the Company was notified of an intention to terminate the licence agreement. In August 2015, the Company and bioMérieux agreed a licence agreement with a cash consideration of US\$5.5m (\$7.9m) for non-exclusive technology rights. The Company has made a determination over the remaining life of the asset.

The Company has made an impairment review of the Microstreak intangible asset and considered the non-exclusive, limited licence with bioMérieux. The Company has evaluated the current technology and the market place, and has identified more than one party to manufacture an improved automated culture plate streaking system and to be, once again, marketing leading technology. The Company has also identified several interested licensing partners. The Directors are confident that the assessed future cash flows over the life of the asset support there being no impairment to the current carrying value of the Microstreak technology."

Our opinion is not modified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of LBT Innovations Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT (continued)***Matters relating to the electronic presentation of the audited financial report and remuneration report***

This auditor's report relates to the financial report and remuneration report of LBT Innovations Limited for the financial year ended 30 June 2015 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

A handwritten signature in blue ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Phil Plummer'.

Phil Plummer
Partner**Adelaide, South Australia**
18 September 2015**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**

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Shareholder Information

As at 14 September 2015

Statement of Issued Securities

The total number of shareholders is 815 and there are 114,723,367 ordinary fully paid shares on issue.

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

The total number of Class F option holders 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
6 January 2019	1	50,000	0	N/A
24 August 2020	1	200,000	0	N/A
29 November 2022	1	500,000	0	N/A
11 December 2023	1	100,000	100,000	11/12/15

Distribution of Securities

Equity Distribution	No of Share- holders	No of Class E Option- holders	No of Class F Option- holders	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 29/11/22	No of Option- holders Exp 11/12/23
1 – 1,000	18	0	0	0	0	0	0	0
1,001 – 5,000	81	0	0	0	0	0	0	0
5,001 – 10,000	154	0	0	0	0	0	0	0
10,001 – 100,000	406	0	0	0	1	0	0	1
100,001 and over	156	1	2	1	0	1	1	0
	815	1	2	1	1	1	1	1

The number of shareholdings held in less than marketable parcels is 99.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 14 September 2015 are:

Name	Number of Shares held	% Held of Issued Capital
bioMérieux SA	9,772,727	8.52
Mr Brendan Moran + Morcap Pty Ltd	7,514,726	6.55
Mrs Lucyna Halina Guthrie + Mr Hugh Berkerley Guthrie <The Podlaska Super Fund A/C>	6,123,755	5.34
	23,411,208	20.41%

Voting Rights

Refer to Note 13.

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	8.52
2	Mr Brendon Moran	6,874,516	5.99
3	Mrs Lusia Halina Guthrie + Mr Hugh Berkeley Guthrie <The Podlaska Super Fund A/C>	5,975,606	5.21
4	Mr Robert Andrew Finder & Mrs Sheryl Jean Finder <Sherrob9 S/F A/C>	4,742,093	4.13
5	Carina Management Pty Ltd <Brydon Family A/c>	3,703,704	3.23
6	Medvet Science Pty Ltd	3,333,334	2.91
7	Avanteos Investments Limited <1823201>	2,894,329	2.52
8	Avanteos Investments Limited <1823205>	2,860,365	2.49
9	Ruin Pty Ltd <Steve Mathwin Super A/C>	2,400,000	2.09
10	Mr David Cattuzzo + Mrs Elizabeth Cattuzzo	2,204,000	1.92
11	Mr Stephen Goodwin	2,150,000	1.87
12	Citicorp Nominees Pty Ltd	1,873,818	1.63
13	Costello Consulting Pty Ltd	1,335,312	1.16
14	Mr Leng Kuan Ng + Ms Junisilver Taij + Mr Leng Ming Ng <TNG Superfund A/c>	1,273,394	1.11
15	Angueline Investments Pty Ltd <Angueline A/C>	1,200,000	1.05
16	Mr Bryce Whetton	1,121,111	0.98
17	Mr Ari Pullinen + Mrs Outi Pullinen <A&O Pullinen Super S/F A/c>	1,117,541	0.97
18	KMEC Superannuation Pty Ltd	1,048,113	0.91
19	Medvet Science Pty Ltd	1,000,000	0.87
20	Mr Jarkko Petteri Pullinen	1,000,000	0.87
		57,879,963	50.43%

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%

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	46.88%
2	Dr Caroline Popper (option expire 29/11/22 – ex price \$0.058)	500,000	31.25%
3	Mr John Glasson (200,000 options expire 24/8/20 – ex price \$0.065)	200,000	12.50%
4	Mr Peter Bradley (100,000 options expire 24/8/20 – ex price \$0.045)	100,000	6.25%
5	Ms Deborah Nutt (50,000 options expire 6/1/19 – ex price \$0.165)	50,000	3.13%
		1,600,000	100%

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

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