ANALYTICA LIMITED

and its controlled entities

ABN 12 006 464 866

Annual Report

for the year ended 30 June 2010

INDEX

CORPORATE DIRECTORY

Directors

Dr. Michael Monsour	Executive Chairman
Mr. David Gooch	Non-Executive Director
Mr. Ross Mangelsdorf	Executive Director (CFO)

Company Secretary

Mrs Jennie Yuen

Registered Office

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Sydney NSW 2000

Principal Place of Business

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Eight Mile Plains
Qld 4113

Auditors

Bentleys Chartered Accountants
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Brisbane QLD 4000

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Chairman's Letter to Shareholders
For the year ended 30 June 2010

Dear Shareholder,

Welcome to Analytica Limited's Annual Report for the year ended 30 June 2010.

The 12 months through to 30 June 2010 have presented your company with a number of challenges and have seen a number of significant milestones met.

The Company was well supported by shareholders during the year, raising $879,245 from a share purchase plan. These funds have been, and will continue to be used in getting our burette products to market, maintaining key development programs and the ongoing administrations of a listed company and to meet other working capital requirements.

The loss for the year was $1,287,837, a decrease on the loss for the 2009 year of $1,901,780. The Board plays an active role in the operations of the Company and I can assure shareholders that their funds are applied wisely.

As you will read elsewhere in this report, the main focus of activities during the year has been on our Burette products commercialisation.

We are bringing to market a product which represents the first major advance in burette technology for several decades; we are working with government bureaucracies; we are competing against major suppliers with established relationships in both the public and private healthcare sector. The task we are undertaking is by no means an easy one.

We have made gains in terms of market awareness of our AutoStart® Burette over the past year. We have successfully completed trials in hospitals, with more planned. In the process the Company has developed another feature for burettes, a flushing feature which is attracting considerable interest.

The year has been frustrating. We were obliged to reject several batches of product due to inconsistent quality, which severely reduced the product available for sale. Alternate arrangements were explored to overcome the quality issues which escalated the cost, but were considered a stop gap solution in order to continue trials. To reduce the product cost we also needed to go to multi cavity tooling. As a consequence sales have been minimal.

We have been disappointed with our manufacturing arrangements and the quality issues but are delighted with the appointment of Medical Australia Ltd to apply their core competencies to solve this issue together with distribution and regular sponsorship. Analytica can focus on its core objective of developing medical devices. Retooling of Medical Australia Ltd range of burettes is underway and we anticipate release of these products before the calendar year end. We have lost time but are confident that the partnership with Medical Australia Ltd will produce a better outcome.

Further details on the progress of the company during the year can be found in the Review of Operations section of the Directors' Report.

The ability to raise sufficient capital in a timely manner is one of the key challenges faced by not only Analytica but by every other micro-cap company. Put simply, Analytica, in its current form, is not an attractive enough proposition for the broker community and thus raising large amounts of equity is almost impossible. The company is also hampered by its share price, which has not performed satisfactorily over the years.

Chairman's Letter to Shareholders
For the year ended 30 June 2010

In order for Analytica to move forward and be in a position to offer real value to shareholders, it must become a more attractive investment. Analytica cannot survive on the back of the burette products alone and continue to raise small amounts of capital at a low share price every 12 to 18 months.

The Board has investigated opportunities presented to raise significant new funds to allow it to pursue investments in other technology companies and to seek out new products which it can develop. The investment market is not conducive to micro-cap capital raising for medical device companies but sufficient interest has been expressed to continue to explore opportunities. The aim is to make Analytica an attractive investment by offering investors exposure to a number of potential opportunities, be that via an investment Analytica makes in another entity, or by way of new product development. The investments Analytica make will be strategic and the Board has developed criteria in terms of exit strategy and the desired level of return. Any new products the company licenses in will compliment Analytica's existing skill set. This is about providing a long-term future for Analytica and one that will see value returned to shareholders.

We take this opportunity to thank Ben Graham, who resigned as company secretary and finance administrator in April, for his contribution and welcome Jennie Yuen to the role of company secretary.

With the partnership of Medical Australia Ltd, the imminent release of their range of burettes with our flush feature, the retooling of the AutoStart® Burette and elimination of non core activities for Analytica we are optimistic for the coming year.

Thank you once again to you, the valued shareholders, for your ongoing support of the Company. I look forward to bringing you much positive news throughout the 2010/11 year.

Michael Monsour

Dr Michael Monsour
Chairman

Your directors' present their report on the Company and its controlled entities for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The principal activities of consolidated group during the financial year were:

- The development of intellectual property in the medical device field in relation to patents in the burette field.
- Development of intellectual property of manufacture and delivery of Naltrexone implants

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

OPERATING RESULT

The consolidated loss of the consolidated group after providing for income tax amounted to $1,287,837 (2009: $1,901,780).

DIVIDENDS

No dividends have been paid or declared during the financial year and the directors do not recommend that any dividend be paid.

REVIEW OF OPERATIONS

The focus of Analytica's activities throughout the year under review were once again on bringing the AutoStart® Burette to market together with development of the Autoflush feature.

The Analytica AutoStart® Burette is a sterile, single-use infusion device that provides automatic flow control functionality not found in any other burette. The patented AutoStart® system automatically restarts the flow from the infusion reservoir once a bolus dose of medication is delivered, allowing the clinician to attend to other issues. It is estimated that the AutoStart® Burette frees 20 minutes of nurse time per patient per 24 hour period, which means the device effectively pays for itself in nurse time-savings. In today's under staffed hospitals, time savings are critical to nurses, patients, and administrators alike.

Since its release, Analytica has been conducting a clinical evaluation program at numerous hospitals involving trials of the AutoStart® Burette in a clinical environment. Successful outcomes from trials are required prior to public hospitals and health authorities being allowed to purchase the AutoStart® Burette.

The Autoflush feature is a flushing system added to a burette which allows the needle-less injection port and the medication delivery syringe to be flushed with saline from the IV bag, without the need for additional flushing syringes or ampules. With the burette's new flushing feature, all of the drug is delivered to the patient, there are no additional connections, reducing infection risks, no additional swabs, saline ampules or syringes, no extra time finding or managing the swabs and ampules and an estimated cost savings of $2.50 per medication event.

The company had engaged a manufacturing company to produce the AutoStart® Burette utilizing single cavity tooling designed by Analytica. Several batches of product had to be rejected due to inconsistent quality which could not be tolerated. Despite visits by our engineer and attempts to enforce a testing regime the quality problems continued. This forced the company to consider final testing in Australia before packaging. This additional handling, together with the single cavity plastic injection escalated the cost which in the longer run was not commercial.

The marketing of the AutoStart® Burette was undertaken by an inhouse team. This initial marketing solution was initiated as the AutoStart® Burette required a change of procedure by medical staff and consequently training in order to take advantage of its unique features. For a single product this was not sustainable in the longer term but was appropriate in order to catch the attention of busy staff for the introduction of the product.

The Company considered that the solution to the longer term issues of manufacturing and marketing lay in appointing manufacturing, distribution and sales organisation/organisations. All these roles are not core competencies of Analytica, incurred extra staff and cost as well as capital tied up in stock.

The signing of a heads of agreement with Medical Australia Limited in November 2009 and completion of the agreement in April 2010 to provide manufacturing, regulatory sponsorship, distribution and sales was the result of an extensive search for suitable partners. This agreement encompasses Australia, New Zealand United Kingdom, European Economic Union, Asia and the Middle East. Medical Australia Limited has a presence in all these markets. Medical Australia Limited have recently completed a consolidation of their product range but more importantly significant investment in their supply chain delivering the core competencies necessary to get Analytica's products manufactured, distributed and sold. This agreement pays a royalty to Analytica on product sold and also transfers regulatory sponsorship to Medical Australia which is another core competency. Analytica is impressed with the vitality of the Medical Australia's management team and the capability of their supply chain.

Regrettably the negotiation and transfer of these responsibilities require regulatory process as well as retooling which consumed time. The retooling is a lengthy process requiring redesign, which now incorporates multicavity injection, considerably reducing cost. This retooling will introduce the Autoflush feature to all Medical Australia's burette range. Due to the impending change, market activity by our inhouse team was subdued but continued engaging hospitals in clinical evaluation, until July when all marketing was transferred to Medical Australia's more extensive team.

In March the FDA accepted our 510(k) Pre-Market-Notification for the AutoStart® Burette for sale in America and its territories. This FDA acceptance along with TGA (Australia) and CE (European Union) provides access to major markets, and permits marketing and sales of the product. This is a significant milestone.

Work has continued with the Naltrexone Implant project. A collaboration was formed with Professor Paul Haber of the University of Sydney to produce a TGA approved Naltrexone implant for the treatment of addiction to drugs and alcohol. Animal trials have been conducted but due to funding constraints work is proceeding slowly. These trials and market research have initiated a significant change in our research. An application for NHRC grant funding was unsuccessful but the Company continues to pursue other funding opportunities.

The Company has reviewed all its opportunities and identified a possible project dealing with incontinence issues. A project plan has been developed and initial market research completed to validate the opportunity. Fully-functional, working prototypes have been built to develop the concept. We have been working closely with a number of industry experts to determine the clinical requirements of this product, and we are currently working on a reimbursement strategy for the product.

As part of that review the retractable needle program has been indefinitely deferred.

In April 2009, the Company made a strategic investment in CBio Ltd by purchasing commercial notes which had a final conversion date of December 2010 and carried an interest rate of 8%. CBio Ltd's lead product XToll® is a broad spectrum anti-inflammatory drug which is currently in stage 2b trials. XToll® is targeted at the Rheumatoid Arthritis market which is projected to be a USD$20 billion market by 2011. In February 2010 CBio listed and the note was required to be converted together with accrued interest resulted in an issue of 1,044,712 shares.. The note also carries options for 3,000,000 shares exercisable before December 2012 for $1.00. Although the current share price is disappointing the board remains confident that these shares and options will yield strong value in the next 2 years.

In April 2010, our company secretary Ben Graham resigned due to an increase in his full time work commitments. In keeping with the Company's tight cost controls this role is a part time role. We welcome Jennie Yuen of Company Matters who was appointed company secretary on 1 April 2010. Ben also resigned from financial administration of the Company (also part time). Mr. Ross Mangelsdorf, director, was appointed CFO to undertake the responsibility for this role. We thank Ben for his valuable input and commitment to the Company.

In July 2009 the Company announced a Share Purchase Plan (SPP), enabling all eligible shareholders to each purchase up to $15,000 worth of Analytica shares at 2.2 cents per share without incurring any brokerage costs. The offer closed on 19 August 2009. A total of $879,245 was raised in the SPP, representing 39,965,790 new shares which have been issued.

FINANCIAL POSITION

The net assets of the consolidated group have increased by $62,092 to $743,224 (2009: $681,132). Total assets have decreased to $834,519, of which $419,383 is cash (2009: $1,197,749). The marginal increase in net assets over the year is largely due to the share purchase plan, which raised $879,245, which took place during the year, as well as $137,500 in the exercise of employee share options. The loss during the year of $1,287,837 (2009: $1,901,780) can largely be attributed to the administration of the company and ongoing research and development.

The directors believe the consolidated group is in a strong and stable financial position to expand and grow its current operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

All significant changes in the state of affairs of the parent entity that occurred during the financial year are discussed in the Review of Operations section of this report.

AFTER BALANCE DATE EVENTS

There have not been any matters or circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the company in financial years after the 2010 financial year.

FUTURE DEVELOPMENTS

The directors and management are focused on building the current business through the development and commercialisation of similar businesses and technologies in the medical technology area that can take advantage of our expertise and resources to optimise returns to shareholders.

The likely developments in the operations of the consolidated group and the expected results of those operations in future financial years are as follows:

- Introduction to the market by Medical Australia of their range of Burettes fitted with our Autoflush device;
- Appointment of specialist medical device distributors to distribute Analytica's range of products in the USA;
- Development and implementation of the business plan supporting Naltrexone implants and delivery;
- Successful manufacture of Naltrexone implants suitable for clinical trials;
- Clinical trials using Naltrexone implants to treat alcohol and drug addicted patients;
- Application for North American (FDA) and European (CE Mark) regulatory approval;
- Continued development of 'next generation' products.

ENVIRONMENTAL ISSUES

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

SHARE CAPITAL AND OTHER EQUITY SECURITIES

All changes to the capital structure, including options during the year are set out in Note 16 – Issued Capital.

DIRECTORS

The names of the directors of the company in office as at the date of this report are:

Dr Michael Monsour	Executive Chairman
Mr. David Gooch	Non-Executive Director
Mr. Ross Mangelsdorf	Executive Director (Chief Financial Officer)
Mr. Jim Heckathorn	Non-Executive Director (deceased July 2009)

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

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

Dr Michael Monsour, MBBS-HONS, FACRRM, FAICD – **Chairman** (appointed 28 June 2004)

Dr Michael Monsour is a member of the Audit & Risk Management Committee.

Dr Monsour is a Medical Practitioner with extensive interests in Queensland medical and dental centres. Michael Monsour graduated from the University of Queensland in 1977 in medicine with honours. He operates a medical management company, which provides management support to medical and dental practitioners. He is the principal of Godbar Software (established 1988) which is one of the leading software developers of Occupational Health, Safety and Medical Accounting software packages in Australia.

Dr Monsour is also currently the chairman of InJet Digital Aerosols Limited and a non-executive director of ASX listed company, CBio Limited (appointed 31 January 2007). He is also a non-executive director of Australian Technology Innovation Fund Limited and Australia Biofund Investment Limited (Hong Kong). Dr Monsour was formerly a director of the listed entity BresaGen Limited (July 2005 to November 2006).

Director's interest in ordinary shares: 13,647,828
Director's interest in share options: 10,000,000

Mr. David Gooch, FAICD – **Non-Executive Director** (appointed 30 November 2004)

Mr Gooch is a well known Sydney businessman who has developed and been instrumental in the steering to success of several small and medium sized businesses. Mr. Gooch is now a corporate advisor and financial management specialist who has had experience in industries including construction, hospitality, retail and finance. Mr. Gooch's strong sales and marketing background will aid Analytica in the next stage of its business development.

Director's interest in ordinary shares: Nil
Director's interest in share options: 10,000,000

Mr. Ross Mangelsdorf – Executive Director (Appointed 7 October 2008)

Mr Mangelsdorf performs the function of Chief Financial Officer of the Company and is a member of the Audit & Risk Committee.

Mr Mangelsdorf is also a director of a Queensland-based land development company and has been a director/partner of a chartered accounting firm for 29 years. He works with SME production, manufacturing and retail firms assisting with business, taxation and management services.

Director's interest in ordinary shares: 4,608,367
Director's interest in share options: 3,000,000

COMPANY SECRETARY

Ms Jennie Yuen, B.Com, LLB, Grad Dip Corp Gov

Ms Yuen is a solicitor with over 10 years of experience in a variety of roles as a commercial/corporate lawyer and company secretary.

Ms Yuen holds a Bachelor of Commerce, a Bachelor of Laws and a Graduate Diploma in Corporate Governance.

Ms Yuen is employed by Company Matters Pty Limited which is a specialist company secretarial and governance service provider engaged by Analytica.

INDEMNITY

In accordance with the constitution of Analytica Limited:

Every Director, Secretary, executive officer or other person employed in the business of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay, all costs, losses and expenses for which any such Director, Secretary, executive officer or employee may become liable by reason of any contract entered into or act or deed done by him as such Director, Secretary, executive officer or employee in any way in the proper discharge of his duties, unless such costs, losses and expenses shall be caused or contributed to by his own negligence, lack of good faith, default, breach of duty or breach of trust.

MEETINGS OF DIRECTORS

During the year, 10 meetings of directors and one meeting of the Audit & Risk Committee were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr Michael Monsour	10	10	1	1
Mr David Gooch	10	10	-	-
Mr Ross Mangelsdorf	10	10	1	1

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 16.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services by Bentleys 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 provision of these non-audit services did not compromise the independence of the external auditor due to the nature and scope of the non-audit service provided.

The following fees were paid or payable to Bentleys for non-audit services provided during the year ended 30 June 2010:

Tax compliance services	10,461
Audit of Royalty paid to Company	2,200
Total	12,661

REMUNERATION REPORT

This report outlines the nature and amount of remuneration for directors and executives of the company.

The performance of the company depends upon the quality of its directors and executives. It is imperative that the company attract and retain appropriately experienced and qualified directors and executives.

In accordance with best practice corporate governance, the structure of non-executive directors and executive management remuneration is separate and distinct.

Non- Executive Director Remuneration

The board policy is to remunerate non-executive directors at a level that provides the company with the ability to attract and retain directors with the experience and qualification appropriate to the development strategy of the company's Intellectual Property.

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. This was set at $300,000 p/a by shareholders on 30th November 2004. Subsequent to that meeting Directors set individual directors fees as follows: Chairman's Fee $75,000 p/a plus statutory superannuation, non-executive directors fees are $50,000 p/a plus statutory superannuation. Based on the current Board Structure, total fees paid on a yearly basis will be $175,000 plus statutory superannuation. Directors' fees are reviewed annually.

Non-executive director's fees are not linked to the performance of the company. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the company.

Executive Director Remuneration

The board policy is to remunerate executive directors at a level which provides the company with the ability to attract and retain executives with the experience and qualifications appropriate to the development strategy of the company's Intellectual Property.

Mr Ross Mangelsdorf was appointed Chief Financial Officer in April 2010.

Key Management Personnel Remuneration

There was one additional key management person employed by the company during the year in addition to the company's directors. Mr Geoff Daly is the company's Operations Manager and was appointed on 7 November 2005. Mr Daly has extensive experience in the design of medical devices, prototyping and manufacturing.

Mr Daly is employed by the company under the terms and conditions set out in an employment contract. Due to the size of the company and the nature of its operations, the contract is open-ended and not for a specified time frame. Mr Daly's contract may be terminated by either party giving notice commensurate with his period of employment, which varies from 1 to 4 weeks. There is no provision in the employment contract for the payment of any termination payments other than accrued statutory entitlements.

Company executive fees are not linked to the performance of the company. However, to align executives' interests with shareholder interests, the executives are encouraged to hold shares in the company.

Key Management Personnel Remuneration

2010	Short-Term Benefits		Post Employ-ment	Other Long-Term Benefits	Termination Benefits	Share-Based Payment	Total
Directors	Directors fees and Salary $	Consulting $	Super-annuation $	Other $	$	Options $	$
Dr Michael Monsour	75,000	-	6,750	-	-	-	81,750
Mr David Gooch	50,000	-	4,500	-	-	-	54,500
Mr Ross Mangelsdorf (i)	50,000	-	4,500	-	-	-	54,500
Mr Jim Heckathorn	4,167	-	375	-	-	-	4,542
	179,167	-	16,125	-	-	-	195,292
Executives							
Mr Geoff Daly	160,000	-	14,400	-	-	-	174,400

During the 2010 year, there were no bonuses, non-monetary benefits, share or cash-settled share-based payments made to key management personnel.

2009	Short-Term Benefits		Post Employ-ment	Other Long-Term Benefits	Termination Benefits	Share-Based Payment	Total
Directors	Directors fees and Salary $	Consulting $	Super-annuation $	Other $	$	Shares / Options $	$
Dr Michael Monsour	75,000	-	6,750	-	-	198,151	279,901
Mr David Gooch	50,000	-	4,500	-	-	198,151	252,651
Mr Ross Mangelsdorf (i)	37,500	-	3,375	-	-	59,445	100,320
Mr Jim Heckathorn	50,000	16,200	5,958			198,151	270,309
	212,500	16,200	20,583	-	-	653,898	903,181

Executives							
Mr Geoff Daly	160,000	-	14,400	-	-	9,669	184,069

During the 2009 year, there were no bonuses, non-monetary benefits, share or cash-settled share-based payments made to key management personnel.

Options Issued As Remuneration

Options may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but may be issued to increase goal congruence between executives, directors and shareholders, and as a means to attract and retain appropriately qualified directors and executives. There are no performance milestones or other hurdles which must be met in order for Options to vest. Options issued to directors vested immediately on issue. Any unexercised Option granted pursuant to the Employee Share Option Plan shall lapse at the end of a period of not less than 30 days upon cessation of employment, except in the case of options issued to Directors, which lapse on expiry regardless of the position held (if any) with the Company at that time. There are no changes to the terms and conditions of any options granted as remuneration since grant date or any options granted in previous years as remuneration which have been exercised during the year.

No options were granted during the year ended 30th June 2010.

Options Granted as Remuneration for the Year Ended 30 June 2009

					Terms and Conditions for Each grant		
Key Management Personnel	**Vested No.**	**Granted No.**	**Grant Date**	**Value per Option at Grant Date $**	**Exercise Price $**	**First Exercise Date**	**Last Exercise Date**
Dr Michael Monsour	10,000,000	10,000,000	26/11/08	0.02	0.05	26/11/08	30/06/12
Mr David Gooch	10,000,000	10,000,000	26/11/08	0.02	0.05	26/11/08	30/06/12
Mr Jim Heckathorn	10,000,000	10,000,000	26/11/08	0.02	0.05	26/11/08	30/06/12
Mr Ross Mangelsdorf	3,000,000	3,000,000	26/11/08	0.02	0.05	26/11/08	30/06/12
Mr. Geoff Daly	2,500,000	2,500,000	27/06/06	0.0055	0.025	29/03/08	29/03/12

Key Management Personnel	**Options Granted as Part of Remuneration $**	**Total Remuneration Represented by Options %**	**Options Exercised $**	**Options Lapsed ($)**	**Total $**
Dr Michael Monsour	198,151	71	-	-	198,151
Mr David Gooch	198,151	78	-	-	198,151
Mr Jim Heckathorn	198,151	73	-	-	198,151
Mr Ross Mangelsdorf	59,445	59	-	-	59,445
Mr. Geoff Daly	9,669	-	-	-	9,669

Key Management Personnel Equity Interests

Details of key management personnel equity interests can be found in Note 20 - Interests of Key Management Personnel.

Options

At the date of this report, unissued ordinary shares of Analytica Limited under option are 33,000,000. Refer to Note 15 - Share Based Payments for further details.

On behalf of and in accordance with a resolution of the Directors.

Michael Monsour

Dr. Michael Monsour
CHAIRMAN
Dated 30 September 2010

On 14 August 2008, the Company adopted a Corporate Governance Charter following a review of its corporate governance practices. The Charter was prepared with a view to complying with the ASX Corporate Governance Councils 'Corporate Governance Principles and Recommendations 2nd Edition'. The Board have taken the view that due to the nature and size of Analytica's operations, it is not appropriate at this stage to comply with all of the Councils recommendations. Deviations from the Council's recommendations are noted below.

This statement outlines the principal corporate governance practices that are in place for the Company.

1. Lay solid foundations for management and oversight

The Board has an overriding responsibility to act in the best interests of the Company as a whole and to build sustainable value for the Company's shareholders.

The Board's functions and responsibilities are set out in the Board Charter which is included in the Company's Corporate Governance Charter (available on the Company's website: www.analyticamedical.com, under "About Us" then "Governance")

The Board's functions include:-

- charting strategy and setting financial targets for the Group;
- monitoring the implementation and execution of strategy, performance against targets, and ensuring the availability of appropriate resources;
- to appoint and oversee the performance of executive management;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance; and
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and sales.

The Board is primarily responsible for company strategy and has the authority to establish and delegate powers to committees (for example, to assist the Board on audit matters, finance and business risks, remuneration and nominations) and to establish a framework for the effective and efficient management of the Company and its controlled entities.

Due to the size and operations of the Company, all significant matters are dealt with by the Board as a whole, while the day to day management of the Company is delegated to the Operations Manager.

The performance of Executives is reviewed and assessed on an ongoing basis throughout the year by the Chairman, with input from the other directors. The Chairman determines the evaluation criteria and process, which is to be the same in each case. The Executives' performance was reviewed by this process during the financial year.

2. Structure the board to add value

The Board has a complementary mix of skills that provide the desired depth and experience. Currently, the Board consists of two executive directors and one non-executive director. The directors' names, biographical details and period of office held by each director are provided in the Directors' Report.

The Board has determined that its non-executive director is independent, and was independent for the duration of the reporting period.

An independent director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the

Directors' unfettered and independent judgement. The criteria that the Board uses to determine independence is included in the Board Charter (part of the Corporate Governance Charter) which is available on the Company's website.

The Board regularly assesses whether each director remains an independent director in the light of interests disclosed by them, and each director must provide the Board with all relevant information for this purpose. Any change in the independent status of the independent directors will be disclosed to the market in a timely manner.

Each director has the right to seek independent legal or other professional advice at the Company's expense in the furtherance of their duties as directors, subject to obtaining prior approval from the Chairman prior to incurring an expense on behalf of the Company.

Due to the size of Analytica's operations, the Company has not appointed a Chief Executive Officer. The Chairman is in regular contact with other directors and management concerning the operations of the Company. The Board has formed the view that it is more efficient for the Board as a whole to deal with matters that would usually be the responsibility of the Chief Executive Officer.

The Board has not established a nomination committee. Due to the small size of the Analytica Board, the full Board is considered a more effective and appropriate mechanism to deliberate the selection, appointment and performance matters that would otherwise be dealt with by a Nomination Committee. Whilst it does not currently have a Nomination Committee in place, the Board has adopted a Nomination Committee Charter as part of its Corporate Governance Charter which will govern the operation of the Nomination Committee should one be formed in the future. The process to be followed to select and appoint any new directors is included in the Board Charter (part of the Corporate Governance Charter) which is available on the Company's website.

The performance of all other Directors is reviewed and assessed each year by the Chairman, and the performance of the Chairman is reviewed and assessed each year by the other Directors. The Chairman determines the evaluation criteria and process, which is to be the same in each case.

The Board has not conducted a formal annual performance review this financial year. The Board is aware the success of the Company is dependent on the performance of the Board and as such the Chairman has regular contact with Directors on an individual and group basis to discuss and revise the goals and objectives of the Company.

3. Promote ethical and responsible decision making

The Company has a Code of Conduct which specifies mandatory directions for Directors to follow when performing their duties, to enable them to achieve the highest possible standards in meeting their obligations, and give them a clear understanding of practice in corporate governance.

The Company also has a Code of Conduct for Transactions in Securities which govern the purchase or sale of securities in the Company by directors, executives and other employees of the Company who may be in possession of price-sensitive information. The Board has resolved to limit any dealings in the Company's shares to a period of four weeks following the release of the half-yearly and annual results and after the conclusion of the Annual General Meeting. Trading outside these windows is prohibited unless written authority is first obtained in accordance with the Code of Conduct for Transactions in Securities.

The Directors' Code of Conduct and the Code of Conduct for Transactions in Securities are both included in the Corporate Governance Charter which is available on the Company's website: www.analyticamedical.com, under "About Us" then "Governance".

The Code of Conduct for Transactions in Securities will be reviewed in the next financial year in light of the amendments to the ASX Listing Rules which will come into effect on 1 January 2011.

The Board has noted that the ASX Council's recommendation to disclose the proportion of women in the Company and to publish a diversity policy with measurable objectives for achieving gender diversity will only apply for the Company's financial year commencing after 1 January 2011. Given the size and operations of the Company, the Board does not propose to implement a diversity policy at this stage.

4. Safeguard integrity in financial reporting

The Board has established an Audit and Risk Management Committee (the *Committee*) to assist it in fulfilling its financial reporting, risk management and compliance responsibilities.

The functions and responsibilities of the Committee are set out in the Audit and Risk Management Committee Charter and include:

- monitoring the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements;
- assessing corporate risk and ensuring compliance with internal controls;
- monitoring compliance with relevant legislative and regulatory requirements; and
- reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor.

The Committee consists of one independent director and one executive director. Members of the Audit and Risk Management Committee are Dr Michael Monsour and Mr Ross Mangelsdorf (Chairman of the Committee). The Board has reviewed the Committees membership and is satisfied that, given the size of the Analytica Board, the Committee is of the appropriate size and has appropriate technical expertise.

The Committee members met once in the year ended 30 June 2010.

The procedures for the selection and appointment of the external auditor, review of the external auditor's performance and rotation of external audit engagement partners are set out in the Audit and Risk Management Committee Charter which is included in the Company's Corporate Governance Charter (available on the Company's website: www.analyticamedical.com, under "About Us" then "Governance").

5. Make timely and balanced disclosures

In accordance with ASX Listing Rules, Analytica will immediately disclose to ASX any information that a reasonable person would expect to have a material effect on the value of the Company's shares.

Due to the size of its Board and operations, the Company has not established written policies and procedures governing continuous disclosure and shareholder communication. The Board as a whole has the responsibility for approving the form and substance of any disclosure to be made by the Company to the ASX in fulfilment of its continuous disclosure obligations. The Company's continuous disclosure obligations are reviewed at each Board meeting and between Board meetings whenever necessary.

6. Respect the right of shareholders

The Board strives to inform shareholders of all major developments affecting the Group's activities and its state of affairs through the distribution of the Annual Report and through ASX announcements.

All announcements made by the Company to the ASX are available to Shareholders:

- on the Company's website (www.analyticamedical.com.au) under "Releases"; and
- under the Company Announcements section of the ASX website (ASX code: ALT).

The Company's policy on shareholder communications is included in the Board Charter (part of the Corporate Governance Charter) which is available on the Company's website.

The external auditor of the Company is asked to attend the annual general meeting to answer shareholder questions concerning the conduct, preparation and content of the audit report.

7. Recognise and manage risk

The Board is responsible for Company strategy, including the identification of material risks. This responsibility is fulfilled by the Audit and Risk Management Committee, which reviews the material risks affecting each business segment, develops strategies to mitigate these risks and reports to the Board following each meeting.

The Board has not established any formal policies for the oversight and management of material business risks. The risk of the Company's and the Groups businesses are reviewed by the Board following each report by the Audit and Risk Management Committee. The report is a specific agenda item at each regular meeting of the Board. Once a risk is identified, an action plan is proposed and submitted to the Audit and Risk Management Committee for approval and, through it, the Board is informed of the action plan.

Corrective action must be taken as soon as practicable. Material business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.

The Chairman of the Audit and Risk Management Committee (who also performs the function of Chief Financial Officer of the Company) must ensure the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects, and provide a detailed statement to the Board about this at least annually.

The Board has received assurance from the Chairman of the Board and the Chairman of the Audit and Risk Management Committee that the declaration provided in accordance with s295(A) of the Corporations Act 2001 (Cth) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

8. Remunerate fairly and responsibly

The Board has not established a Remuneration Committee. The Board has taken the view that given its size, the Board as a whole is the most appropriate mechanism to consider remuneration and other matters usually considered by a Remuneration Committee.

Matters relating to the remuneration of executives are usually considered by the Board on an annual basis, with particular regard for ensuring the Company has remuneration practices in place which will allow it to both attract and retain the best possible executives and employees. The Company, with prior shareholder approval, has granted options over ordinary shares in the Company to directors and executives to ensure that directors', executives' and shareholders' interests are aligned.

The remuneration paid to directors during the financial year is outlined in the Remuneration Report contained in the Directors' Report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Although it does not have a Remuneration Committee in place, the Company has adopted a Remuneration Committee Charter as part of its Corporate Governance Charter which will govern the operation of the Remuneration Committee should one be formed in the future.

Other information

Further information relating to the Company's corporate governance practices and policies are set out in the Company's Corporate Governance Charter which is available on the Company's website, www.analyticamedical.com (under "About Us" then "Governance").

ANALYTICA LIMITED AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ANALYTICA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys
Brisbane Partnership
Chartered Accountants

PM Power
Partner

30 September 2010

Brisbane

ANALYTICA LIMITED
and its controlled entities

Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
Revenue	2a	290,548	247,617	290,548	247,617
Rent		(10,168)	(20,609)	(10,168)	(20,609)
Administration		(445,662)	(1,181,044)	(445,654)	(1,177,174)
Fair Value Adjustment Investment CBio	10	(245,507)	-	(245,507)	-
Sales & marketing		(169,966)	(303,560)	(169,966)	(303,560)
Research & Development		(601,227)	(508,454)	(601,227)	(508,454)
Depreciation and amortisation	2b	(13,247)	(9,642)	(13,247)	(9,642)
Finance costs		(20,642)	(29,750)	(20,642)	(29,750)
Other Expenses	2c	(71,966)	(96,338)	(71,966)	(98,988)
Loss before income tax		**(1,287,837)**	**(1,901,780)**	**(1,287,829)**	**(1,900,560)**
Income tax expense	3	-	-	-	-
Loss from continuing operations		**(1,287,837)**	**(1,901,780)**	**(1,287,829)**	**(1,900,560)**
Loss attributable to members of the parent entity		**(1,287,837)**	**(1,901,780)**	**(1,287,829)**	**(1,900,560)**
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**(1,287,837)**	**(1,901,780)**	**(1,287,829)**	**(1,900,560)**
Basic/Diluted loss per share (cents per share)	4	(0.3 cents)	(0.6 cents)	-	-

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2010

	Note	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
Current Assets					
Cash and cash equivalents	5a	419,383	545,269	418,921	544,472
Trade and other receivables	6a	86,002	138,367	85,966	138,332
Inventory		21,544	-	21,544	-
Other current assets	7	-	-	462	788
Total Current Assets		**526,929**	**683,636**	**526,893**	**683,592**
Non-Current Assets					
Property, plant & equipment	8	30,741	14,113	30,741	14,113
Trade and other receivables	6b	-	-	-	-
Intangible assets	9	-	-	-	-
Financial assets	10	276,849	500,000	276,849	500,000
Investments accounted for using the equity method	12	-	-	-	-
Total Non-Current Assets		**307,590**	**514,113**	**307,590**	**514,113**
TOTAL ASSETS		**834,519**	**1,197,749**	**834,483**	**1,197,705**
Current Liabilities					
Trade and other payables	13	85,516	163,501	85,516	163,501
Financial liabilities	14	-	350,000	-	350,000
Total Current Liabilities		**85,516**	**513,501**	**85,516**	**513,501**
Non-Current Liabilities					
Long-term provisions		5,779	3,116	5,779	3,116
Total Non-Current Liabilities		**5,779**	**3,116**	**5,779**	**3,116**
TOTAL LIABILITIES		**91,295**	**516,617**	**91,295**	**516,617**
NET ASSETS		**743,224**	**681,132**	**743,188**	**681,088**
Equity					
Issued Capital	16	80,959,107	79,609,178	80,959,107	79,609,178
Reserves	17	2,630,508	2,630,508	2,630,508	2,630,508
Accumulated Losses		(82,846,396)	(81,558,559)	(82,846,427)	(81,558,598)
Parent interest		743,219	681,127	743,188	681,088
Minority equity interest		5	5	-	-
TOTAL EQUITY		**743,224**	**681,132**	**743,188**	**681,088**

The accompanying notes form part of these financial statements.

ANALYTICA LIMITED
and its controlled entities

Statement of Changes in Equity
For the year ended 30 June 2010

CONSOLIDATED GROUP

	Note	Share Capital $	Option Reserve $	Minority Interests $	Accumulated Losses $	Total $
Balance at 1 July 2008		**78,353,473**	**1,960,536**	**5**	**(79,656,779)**	**657,235**
Comprehensive Income – Loss for year		-	-	-	(1,901,780)	(1,901,780)
Shares issued during the year		-	-	-	-	-
Equity-settled remuneration		-	669,972	-	-	669,972
Issue of shares to Director		-	-	-	-	-
Conversion of unlisted Options	16	1,255,705	-	-	-	1,255,705
Cost of share issue		-	-	-	-	-
Balance at 30 June 2009		**79,609,178**	**2,630,508**	**5**	**(81,558,559)**	**681,132**

	Note	Share Capital $	Option Reserve $	Minority Interests $	Accumulated Losses $	Total $
Balance at 1 July 2009		**79,609,178**	**2,630,508**	**5**	**(81,558,559)**	**681,132**
Comprehensive Income – Loss for year		-	-	-	(1,287,837)	(1,287,837)
Shares issued during year	**16**	1,212,429	-	-	-	1,212,429
Conversion of unlisted Options	**16**	137,500	-	-	-	137,500
Balance at 30 June 2010		**80,959,107**	**2,630,508**	**5**	**(82,846,396)**	**743,224**

The accompanying notes form part of these financial statements.

ANALYTICA LIMITED
and its controlled entities

Statement of Changes in Equity
For the year ended 30 June 2010

PARENT ENTITY

	Note	Share Capital $	Option Reserve $	Minority Interests $	Accumulated Losses $	Total $
Balance at 1 July 2008		**78,353,473**	**1,960,536**	**-**	**(79,658,038)**	**655,971**
Comprehensive Income – Loss for year		-	-	-	(1,900,560)	(1,900,560)
Shares issued during the year		-	-	-	-	-
Equity-settled remuneration		-	669,972	-	-	669,972
Issue of shares to Director		-	-	-	-	-
Conversion of unlisted Options	16	1,255,705	-	-	-	1,255,705
Cost of share issue		-	-	-	-	-
Balance at 30 June 2009		**79,609,178**	**2,630,508**	**-**	**(81,558,598)**	**681,088**

	Note	Share Capital $	Option Reserve $	Minority Interests $	Accumulated Losses $	Total $
Balance at 1 July 2009		**79,609,178**	**2,630,508**	**-**	**(81,558,598)**	**681,088**
Comprehensive Income – Loss for year		-	-	-	(1,287,829)	(1,287,829)
Equity-settled remuneration		-	-	-	-	-
Shares issued in year	16	1,212,429	-	-	-	1,212,429
Conversion of unlisted Options	16	137,500	-	-	-	137,500
Balance at 30 June 2010		**80,959,107**	**2,630,508**	**-**	**(82,846,427)**	**743,188**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2010

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		1,800	35,496	1,800	35,496
Grant income		225,958	237,944	225,958	237,944
Payments to suppliers and employees		(1,275,402)	(1,482,476)	(1,275,068)	(1,480,678)
Finance costs		(20,642)	(24,592)	(20,642)	(24,592)
Interest received		22,347	56,223	22,347	56,223
Net cash provided by (used in) operating activities	5b	**(1,045,939)**	**(1,177,405)**	**(1,045,605)**	**(1,175,607)**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of non-current assets		(29,875)	(10,144)	(29,875)	(10,144)
Purchase of investments	10a	-	(500,000)	-	(500,000)
Proceeds from disposal of Businesses	6b	-	30,000	-	30,000
Net cash provided by (used in) investing activities		**(29,875)**	**(480,144)**	**(29,875)**	**(480,144)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,016,745	1,255,705	1,016,745	1,255,705
Proceeds from issue of convertible notes		-	-	-	-
Cost of share issue		(66,816)	-	(66,816)	-
Repayment of borrowings		-	-	-	-
Net cash provided by (used in) financing activities		**949,929**	**1,255,705**	**949,929**	**1,255,705**
Net increase / (Decrease) in cash held		(125,885)	(401,844)	(125,551)	(400,046)
Cash at beginning of financial year		545,269	947,113	544,472	944,518
Cash at end of financial year	5a	**419,384**	**545,269**	**418,921**	**544,472**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the consolidated group of Analytica Limited and its controlled entities and Analytica Limited as an individual parent entity. Analytica Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Analytica Limited and its controlled entities, and Analytica Limited as an individual parent entity, complies with all Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial report, comprising the financial statements and the notes, complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the consolidated group 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.

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.

Adoption of New and Revised Accounting Standards

The group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive' income.
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.

- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be re-measured to fair value at the date that control is lost.

Revenue Recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

Going Concern

The financial report for the year ended 30 June 2010 is prepared on a going concern basis.

The company's forward cash-flow projections currently indicate that the company will be required to raise additional funds to meet forecast cash needs. The directors have considered this position and have assessed available funding options and believe should funding be required that sufficient funds could be sourced to satisfy creditors as and when they fall due. A capital raising is planned for later in the 2010 calendar year.

The company expects to generate initial royalty income during the 2011 financial year from sales of its AutoStart Burette and/or AutoFlush enabled Burette. Quality issues forced the company to reevaluate the contract manufacturing of the AutoStart Burette and joint venture arrangements. In November 2009 the company announced a proposal to appoint Medical Australia Limited to provide manufacturing, distribution and sales of our burette designs. This agreement was completed in May 2010. As a consequence Medical Australia limited have commissioned multicavity tooling to include our patented Autoflush design in their complete range of Burettes. Whilst not expected to become cash flow positive prior to 30 June 2011, royalty revenues generated will assist the company in meeting its ongoing working capital requirements.

However if forecast capital raisings, costs and revenues are not met the company may be unable to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting Policies

a) Principles of Consolidation

The consolidated group comprises the financial report of Analytica Limited and of its controlled entities.

A controlled entity is any entity controlled by Analytica Limited. Control exists where Analytica Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Analytica Limited to achieve the objectives of Analytica Limited. Details of the controlled entities are contained in Note 11.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Where a controlled entity has entered or left the consolidated group during the year, its operating results have been included/excluded from the date control was obtained or until the date control ceased.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

c) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

<u>Derivative Instruments and Embedded Derivative Instruments</u>

The consolidated group has no derivative instruments designated as hedges at balance date.

i. Embedded Derivatives held

Equity conversion features embedded within convertible debt instruments that qualify as embedded derivatives are recognised separately from the host contract as a derivative financial instrument and valued at fair value at each reporting date.

<u>Fair Value</u>

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether any impairment has arisen. For loans and receivables, impairment losses are recognised as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For other financial assets, where observable data is limited or unavailable, the directors use professional judgement, including the need for external expertise, to determine any impairment losses. Impairment losses are recognised in the Statement of Comprehensive Income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

d) 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 Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Plant and Equipment

Each class of plant and equipment is carried at cost less depreciation and impairment losses.

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

Depreciation is provided on a straight-line basis on all plant and equipment. The major depreciation periods are:

Computer Equipment:	2-3 years
Furniture & Fittings	5 years

The assets residual value and useful lives are reviewed and adjusted if appropriate at each Statement of Financial Position date.

An assets carrying value 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 disposal are determined by comparing proceeds with the carrying amounts. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f) Intangible Assets

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks

Amounts incurred in acquitting and extending patents are expensed as incurred, except to the extent that such costs are expected beyond any reasonable doubt to be recoverable.

g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h) Revenue Recognition

Revenue from the sale of goods is recognised when goods are delivered to customers.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

i) Research and Development Expenditure

Research and Development costs are charged against income as incurred, except where future benefits are expected beyond any reasonable doubt to equal or exceed those costs and any future costs necessary to give rise to the future benefits. In such instances, research and development costs are capitalised and amortised over the period in which the related benefits are expected to be realised.

j) Income Taxes

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 tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the Statement of Financial Position 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, excluding a business combination, 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 Statement of Comprehensive Income except when 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 utilized.

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 consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and Payables in the Statement of Financial Position are shown inclusive of GST.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Government Grants

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

m) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are 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 are converted at the rates of exchange ruling at that date.

The gains and losses arising from conversion of short-term assets and liabilities, whether realised or unrealised, are included in the operating profit/loss for the year.

n) Employee Benefits

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to the balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-based compensation

The company operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the Statement of Comprehensive Income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares on the options granted. Information on equity based compensation is disclosed in Note 15.

o) Comparative Figures

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

p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 consolidated group.

There were no key estimates and judgements in the current financial year.

		CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
2	**REVENUE AND EXPENSES**				
a)	**Revenue**				
	R & D Tax Concession	225,958	159,394	225,958	159,394
	Sales	1,800	-	1,800	-
	Royalty income	27,184	32,000	27,184	32,000
	Interest from third parties	35,606	56,223	35,606	56,223
		290,548	247,617	290,548	247,617
b)	**Depreciation & amortisation**				
	Depreciation of non current assets				
	- Plant and equipment at cost	13,247	9,642	13,247	9,642
		13,247	9,642	13,247	9,642
c)	**Other expenses**				
	- Legal fees	19,961	20,843	19,961	20,843
	- Travel	39,545	49,972	39,545	49,972
	- Other	12,460	25,523	12,460	28,173
		71,966	96,338	71,966	98,988
3	**INCOME TAX**				
a)	The components on income tax expense comprise:				
	Current Tax	-	-	-	-
	Deferred tax	-	-	-	-
		-	-	-	-
b)	The prima facie tax on profit/(loss) from ordinary activities is reconciled to the income tax benefit as follows:				
	Prima facie tax payable on loss from ordinary activities before income tax at 30% (2009: 30%)	(386,351)	(570,534)	(386,349)	(570,168)
	Add tax effect of:				
	Share-based payments expensed during year	-	200,992	-	200,992
	Other non-allowable items	150,194	150,194	150,194	150,194

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
3 INCOME TAX (cont'd)				
Future benefits not recognised	363,230	363,230	363,230	363,230
Less tax effect of:				
Movement in provisions	5,437	5,437	5,437	5,437
Other non-assessable items	(57,418)	(57,418)	(57,418)	(57,418)
Other deductible items	(75,092)	(91,901)	(75,094)	(92,267)
Income tax attributable to entity	-	-	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%	0%	%

The weighted average effective consolidated tax rate for 2010 is consistent with 2009.

	Cents per share	
	Consolidated Group	Consolidated Group
4 EARNINGS/(LOSS) PER SHARE	2010	2009
Basic/Diluted loss per share	($0.003)	($0.006)
Income and share data used in the calculations of basic and diluted earnings per share:		
Net Loss	(1,287,837)	(1,901,780)
Weighted average number of ordinary shares on issue in the calculation of basic earnings per share	384,432,184	311,592,240
Effect of dilutive securities:		
- Share options	-	-
- Convertible Notes	-	-
Adjusted weighted average number of Ordinary shares and potential ordinary shares used in calculating diluted earnings per share (i)	384,432,184	311,592,240

(i) As at the balance date, there are 33,000,000 share options on issue, giving a total potential shares which may be issued of 33,000,000. These potential ordinary shares have not been taken into account when calculating the diluted loss per share due to their anti-dilutive nature.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
5 CASH AND CASH EQUIVALENTS				
a) Reconciliation to Statement of Cash Flows				
Cash at Bank	419,383	545,269	418,921	544,472
Cash balance at end of year	419,383	545,269	418,921	544,472
b) Reconciliation of cash flow used in operations with loss after income tax				
Loss after income tax	1,287,837	1,901,780	1,287,829	1,900,560
Non-Cash Items:				
Depreciation	(13,247)	(9,642)	(13,247)	(9,642)
Fair Value Adjustment CBio	(245,507)		(245,507)	
Share options expensed	-	(669,972)	-	(669,972)
Costs settled by way of Share-based payment	(50,000)	-	(50,000)	-
Finance costs	-	(5,157)	-	(5,157)
CBio Interest Converted to Shares	22,356	-	22,356	-
	1,001,439	1,217,009	1,001,431	1,215,789
Changes in assets and liabilities				
Increase/(decrease) in				
Trade & other receivables	(52,366)	(11,516)	(52,366)	(11,416)
Inventory	21,544	-	21,544	-
Other current assets	-	-	(326)	-
Decrease/(increase) in				
Payables	77,985	(26,464)	77,985	(27,142)
Long term provisions	(2,663)	(1,624)	(2,663)	(1,624)
Cashflow used in operations	1,045,939	1,177,405	1,045,605	(1,175,607)

c) **Financing Facilities:** At 30 June 2010 the parent entity and its controlled entities had no credit standby arrangements or unused loan facilities.

		CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
6	**TRADE AND OTHER RECEIVABLES**				
a)	**Current**				
	Prepayments	24,271	61,667	24,271	61,667
	GST Receivable	4,154	5,210	4,118	5,175
	Sundry debtors	27,577	41,490	27,577	41,490
	Loan receivable (i)	30,000	30,000	30,000	30,000
	R & D Tax Concession Receivable	-	-	-	-
		86,002	138,367	85,966	138,332
b)	**Non-current**				
	Loan receivable (i)	-	-	-	-
		-	-	-	-

(i) The sale agreement of the diagnostic division provided for a payment to the company of $30,000 per annum for 5 years. The first annual payment was received by the company in the year ending 30 June 2006. An invoice for the final $30,000 amount has been issued and is due to be received by the company after 30 June 2010.

		CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
7	**OTHER CURRENT ASSETS**				
	Loan to subsidiaries	-	-	-	135,804
	Loan to joint venture	-	-	462	788
	Provision for non-recovery	-	-	-	(135,804)
		-	-	462	788
8	**PROPERTY, PLANT AND EQUIPMENT**				
	Plant & Equipment - at cost	76,311	47,300	76,311	46,436
	Less Accumulated Depreciation	(45,570)	(33,187)	(45,570)	(32,323)
		30,741	14,113	30,741	14,113

		CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
8	**PROPERTY, PLANT AND EQUIPMENT (cont'd)**				
	Movements in carrying value				
	Balance 1 July	14,113	13,611	14,113	13,611
	Additions	29,875	10,144	29,875	10,144
	Disposals	-	-	-	-
	Depreciation expense	(13,247)	(9,642)	(13,247)	(9,642)
	Balance 30 June	30,741	14,113	30,741	14,113
9	**INTANGIBLE ASSETS**				
	Goodwill: at cost	-	202,485	-	202,485
	Accumulated impaired losses	-	(202,485)	-	(202,485)
	Net carrying value	-	-	-	-
	Intellectual Property: at cost	2,052,708	2,052,708	102,708	102,708
	Accumulated Amortisation	(2,052,708)	(2,052,708)	(102,708)	(102,708)
	Net total carrying value	-	-	-	-
10	**FINANCIAL ASSETS**				
a)	**Investment in CBio Limited**				
	Available-for-sale financial assets				
	Listed shares at cost (i)	522,356		522,356	
	Fair Value Adjustment (i)	(245,507)		(245,507)	
	Convertible Notes (ii)				
	Present value of debt instrument (iii)		453,829		453,829
	Implied option value (iii)		46,171		46,171
		276,849	500,000	276,849	500,000

(i) During the 2010 financial year CBio Limited listed on the Australian Securities Exchange and Analytica converted the notes together with interest accrued into 1,044,712 shares in CBio Limited. These shares have been revalued at market price at 30 June 2010.

(ii) During the 2009 financial year, the Company acquired five $100,000 Convertible Notes in the unlisted entity CBio Limited. The Notes pay interest of 8% per annum and may be converted into two ordinary shares for each $1 of Note converted prior to 31 December 2010. For each share acquired upon conversion of the Notes, one free option will be issued with an exercise price of $1 and an expiry date of 31 December 2012.

(iii) Under AASB 139, the option to convert the Notes into ordinary shares in CBio Limited qualifies as an embedded derivative within the Note. The present value of the debt instrument and the implied value of the option to convert the debt into equity (an equity instrument) must each be measured and reported separately on initial recognition at fair value.

		CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
b)	Investments carried at cost:				
	Investments in subsidiaries	-	-		4,110,000
	Provision for diminution in value (i) (ii) (iii)	-	-		(4,110,000)
		-	-	-	-

(i) Brewer Retractable Technologies Pty Limited- A provision for diminution in the value of the investment ($3,900,000) has been made at the same rate as the intellectual property held by the entity is amortised. Brewer Retractable Technologies Pty Ltd was voluntarily deregistered during the 2010 financial year.

(ii) Recovery Clinic Pty Limited- A provision for diminution in value ($210,000) has been made at the cost of the investment. Recovery Clinic Pty Ltd was voluntarily deregistered during the 2010 financial year.

(iii) YL Brands Limited – a provision for diminution in the value of the investment $129,154 has been made. YL Brands Pty Ltd was voluntarily deregistered during the 2010 financial year.

11 CONTROLLED ENTITIES

	Country of Incorporation	% Owned	Book Value of Investment	Amounts Owing to Parent 2010	Amounts Owing to Parent 2009
Graesser Pty Limited	Australia	100%	-	-	-
YL Brands Pty Limited	Australia	95%	-		129,154
Brewer Retractable Technologies Pty Limited	Australia	100%	-	-	-
Recovery Clinic Pty Limited	Australia	100%	-	-	-
			-		129,154

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The company has a 45% interest in Golden Top Trading Limited, a joint venture company in Hong Kong with Zhejiang Lingyang Medical Apparatus Company of Linhai, China and J & J Stamina company of Taiwan.

Lingyang was to manufacture Analytica's AutoStart® Burette and Automatic Retractable Syringe, while the joint venture company was to distribute Analytica's AutoStart® Burette and retractable needle and syringe technologies as well as Lingyang's existing range of medical devices throughout Australia and the South Pacific.

The company accounts for its share in the assets, liabilities, profits and losses of the joint venture company using the equity method of accounting. As at the Statement of Financial Position date, Golden Top Trading Limited had not commenced trading and had total assets of $462 (2009: $788) and total liabilities of $462 (2009: $788) (a loan from the Parent Entity). It is expected that this company will be deregistered in this financial year.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
13 TRADE AND OTHER PAYABLES				
Trade Creditors	10,782	60,285	10,782	60,285
Accrued Expenses	74,734	103,216	74,734	103,216
	85,516	163,501	85,516	163,501
14 FINANCIAL LIABILITIES				
Convertible Notes issued (i)	-	350,000	-	350,000
	-	350,000	-	350,000

(i) During the 2008 year, the company raised $350,000 through the issue of seven Convertible Notes. The notes have a face value of $50,000 each, are interest-bearing at the rate of 8.5% p/a and were converted into 23,333,331 ordinary shares in March 2010.

15 SHARE-BASED PAYMENTS

a) Remuneration Options

The following share-based payment remuneration arrangements existed at 30 June 2010:

On 26 November 2008, 33,000,000 options were granted under the Analytica Limited Employee Share Option Plan to take up ordinary shares at an exercise price of $0.05 each. The options vest immediately and must be exercised before 30 June 2012.

All options granted to under the Analytica Limited Employee Share Option Plan are for ordinary shares in Analytica Limited, which confer a right of one ordinary share for every option held. The options hold no voting or dividends rights and are not transferable. All options exercised are required to be settled for cash.

The total expense relating to share based payment transactions was nil. (2009: $669,972).

For details of options issued to key management personnel, refer to Note 20- Key Management Personnel.

b) Options on Issue

	CONSOLIDATED GROUP				PARENT ENTITY			
	2010		2009		2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding 1 July	48,525,000	$0.074	91,528,161	$0.040	48,525,000	$0.074	91,528,161	$0.040
Remuneration Options Granted			33,000,000	$0.050	-	-	33,000,000	$0.050
Other Options Granted	-	-	-	-	-	-	-	-
Exercised	(5,500,000)	$0.025	(62,785,220)	$0.020	(5,500,000)	$0.025	(62,785,220)	$0.020
Expired	(10,025,000)	$0.018	(13,217,941)	$0.058	(10,025,000)	$0.018	(13,217,941)	$0.058
Outstanding 30 June	33,000,000	$0.05	48,525,000	$0.074	33,000,000	$0.05	48,525,000	$0.074

If all unlisted options are exercised in accordance with their terms of issue, 33,000,000 shares would be issued (2008 – 48,525,000) and Contributed Equity would increase by $1.65m (2009 - $3.6m). As at 30 June 2010, 33,000,000 options were exercisable (2009:48,525,000).

There were 5,500,000 options exercised during the year ended 30 June 2010. The options had an exercise price of $0.025 each.

15 SHARE-BASED PAYMENTS (cont'd)

The options outstanding at 30 June 2010 have an exercise price of $0.05 and a remaining contractual life of 2 years.

The weighted average fair value of the options granted during the 2009 financial year was $0.02

The price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.05
Weighted average life of the option	3.5 years
Underlying share price	$0.05
Expected share price volatility	50%
Risk free interest rate	3.21%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements, which may not eventuate.

The life of the options is based on the period between the grant and expiry dates.

	PARENT ENTITY		PARENT ENTITY	
16 ISSUED CAPITAL	**2010 Number**	**2009 Number**	**2010 $**	**2009 $**
Ordinary Shares (a)	411,104,182	341,558,792	80,959,107	79,609,178
Unlisted Options (b)	33,000,000	48,525,000	-	-
a) Ordinary Shares				
Balance at beginning of year	341,558,792	278,773,572	79,609,178	78,353,473
Shares issued during the year:				
- Share Purchase Plan	39,965,790	-	879,247	-
- Issued to Director	-	-	-	-
- Exercise of unlisted Options (i)	-	62,785,220	-	1,255,705
- Exercise of Options employee incentive scheme	5,500,000	-	137,500	-
- Issued Joint Venture Partner for costs incurred	746,269	-	50,000	-
- Conversion of convertible notes	23,333,331	-	350,000	-
Cost of Share Issues	-	-	(66,818)	-
Balance at end of year	411,104,182	341,558,792	80,959,107	79,609,178

(i) The exercise of 62,785,220 $0.02 share options issued as part of the Rights Issue conducted in 2007.

16 ISSUED CAPITAL (cont'd)

Ordinary Shares

The company has authorized share capital amounting to 411,104,182 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b) Unlisted Options

For information relating to the Analytica Limited employee share option plan, including details of options issued, expired and exercised during the financial year and the options outstanding at year-end, refer to Note 15- Share Based Payments.

c) Capital Management

The Board controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

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

There are no externally imposed capital requirements.

The Board 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 the Board to control the capital of the company since the prior year. Due to the level of cash held by the Company at year end, it is positively geared as disclosed in the following table:

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
Total borrowings	-	350,000	-	350,000
Trade and other payables	85,516	163,501	85,516	163,501
Less cash and cash equivalents	(419,383)	(545,269)	(418,921)	(544,472)
Net debt/(cash)	(333,867)	(31,768)	(333,405)	(30,971)
Total equity	743,224	681,132	743,188	681,088

17 RESERVES

Options reserve	2,630,508	2,630,508	2,630,508	2,630,508
	2,630,508	2,630,508	2,630,508	2,630,508

Options reserve

The Options reserve records items recognised as an expense on payment of share-based consideration.

18 SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In the year ended 30 June 2010, the Company operated in Australia and develops and commercializes intellectual property with application in the medical device and pharmaceutical industries. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

(d) Comparative information

This is the first reporting period in which AASB 8 *Operating Segments* has been adopted. Comparative information has been restated to conform to the requirements of this standard.

18 SEGMENT REPORTING (cont'd)

Primary Reporting

Business Segment	Medical Devices		Pharmaceuticals		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$
Revenue								
External sales	-	-	-	-		-		-
Other revenue	-	-	-	-	290,548	247,617	290,548	247,617
Total Revenue	-	-	-	-	290,548	247,617	290,548	247,617
Segment Result	(525,037)	(456,856)	(76,190)	(51,598)	(686,610))	(1,393,326)	(1,287,837)	(1,901,780))
Assets	-	-		-	834,519	1,197,749	834,519	1,197,749
Liabilities	-	-		-	91,295	516,617	91,295	516,617
Other								
Assets acquired	-	-	-	-	29,875	10,144	29,875	10,144
Depreciation	-	-	-	-	13,247	9,642	13,247	9,642
Impairment loss	-	-	-	-	-	-	-	-
Research and development	525,037	456,856	76,190	51,598	-	-	601,227	508,454

Secondary Reporting

Geographic Segments	Sales		Segment Assets		Assets acquired	
	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$
Australia	1,800	-	834,519	1,197,749	29,875	10,144
International	-	-	-	-	-	-
	1,800	-	834,519	1,197,749	29,875	10,144

19 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The group's financial assets consist mainly of cash deposits with banks, accounts receivable and investments in convertible notes. Financial liabilities consist of accounts payable and convertible notes issued by the group. The main purpose of financial instruments is to raise finance and manage capital requirements for group operations.
The board of directors meets on a regular basis to analyse financial risk exposure and to evaluate financial management strategies in the context of the most recent economic conditions and forecasts. The board's overall risk strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. An outline of these risks and related risk management policies are summarised below.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The group is predominantly exposed to cash flow interest rate risk as no financial assets or liabilities are measured at fair value subsequent to initial recognition. Cash flow interest rate risk in respect of financial liabilities is managed by the use of fixed rate debt. 100% of the group's debt was fixed rate debt as at the 30 June 2010 and 30 June 2009 reporting dates and also during the 2010 financial year.

Cash and cash equivalents are held in floating rate, at call deposits.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources will be available as and when required to fund expenditure commitments as well as ensuring capital raising initiatives are conducted in a timely manner as required. Details of the contractual cash flows for financial liabilities are disclosed in Note 19(d).

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report. There are no trading terms in relation to sundry receivables. No collateral is held as security over any financial assets.

There are no past due financial assets at 30 June 2010. The parent company has carried forward impairment losses in relation to non-recovery loans to controlled entities as outlined in Note 7 and investments in controlled entities as outlined in Note 10(b) from previous financial years.

Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying value. No financial assets and financial liabilities of the group are readily traded on organised markets.

Embedded derivatives relating to convertible notes are valued using discounted cash flow models based on interest rates existing at reporting date for similar types of convertible instruments. Loans and receivables due and receivable beyond twelve months are carried at their present value which approximates net fair value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial report.

19 FINANCIAL RISK MANAGEMENT (cont'd)

b) Classification and Categorisation of Financial Instruments

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
Financial Assets				
Cash and cash equivalents	419,383	545,269	418,921	544,472
Loans and receivables				
– Other receivables	61,731	76,700	61,302	77,453
– Convertible Notes (Note 10)	-	453,829	-	453,829
Financial assets at fair values through profit and loss				
– Investment in Cbio	276,849		276,849	
– Embedded derivative (Note 10)	-	46,171	-	46,171
Total Financial Assets	757,963	1,121,969	757,072	1,121,925
Financial Liabilities				
Financial liabilities at amortised cost				
– Accounts payable	10,782	60,285	10,782	60,285
– Convertible Notes	-	350,000	-	350,000
Total Financial Liabilities	10,782	410,285	10,782	410,285

c) Interest Rate Risk

The following table sets out the weighted average effective interest rate applicable to each financial asset and financial liability and the earlier of their contractual maturities or repricing date as at the reporting date:

Consolidated Entity

	Weighted Average Effective Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Total Carrying Amount	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	%	%	$	$
Financial Assets								
Cash	2.8%	2.8%	419,383	545,269	-	-	419,383	545,269
Other receivables		-	61,731	76,700	-	-	61,731	76,700
Convertible notes	8.0%	8.0%	-	-	-	453,829	-	453,829

19 FINANCIAL RISK MANAGEMENT (cont'd)

	Weighted Average Effective Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Total Carrying Amount	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	%	%	$	$
Shares	-	-	-	-	276,849	-	276,849	-
Derivatives	-	-	-	-	-	46,171	-	46,171
Total Financial Assets	-	-	481,114	621,969	276,849	500,000	757,963	1,121,969
Financial Liabilities								
Payables	-	-	10,782	60,285	-	-	10,782	60,285
Convertible Notes	8.5%	8.5%	-	350,000	-	-	-	350,000
Total Financial Liabilities	-	-	10,782	410,285	-	-	10,782	410,285

Parent Entity

	Weighted Average Effective Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Total Carrying Amount	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	%	%	$	$
Financial Assets								
Cash	2.8%	2.8%	418,921	544,472	-	-	418,921	544,472
Other receivables		-	61,302	77,453	-	-	61,302	77,453
Convertible notes	8.0%	8.0%	-	-	-	453,829	-	453,829
Shares					276,849		276,849	
Derivatives	-	-	-	-		46,171		46,171
Total Financial Assets	-	-	480,223	621,925	276,849	500,000	757,072	1,121,925
Financial Liabilities								
Payables	-	-	10,782	60,285	-	-	10,782	60,285
Convertible Notes	8.5%	8.5%	-	350,000	-	-	-	350,000
Total Financial Liabilities			10,782	410,285	-	-	10,782	410,285

19 FINANCIAL RISK MANAGEMENT (cont'd)

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating 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 this risk.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
Change in profit				
- Increase in interest rate by 2%	8,378	18,698	8,378	18,698
- Decrease in interest rate by 2%	(8,378)	(18,698)	(8,378)	(18,698)
Change in equity				
- Increase in interest rate by 2%	8,378	18,698	8,378	18,698
- Decrease in interest rate by 2%	(8,378)	(18,698)	(8,378)	(18,698)

d) Maturity Analysis of Financial Liabilities

The following table sets out the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

Consolidated Entity

	Within 1 Year		1 to 5 Years		Later than 5 Years		Total Contractual Cash Flows	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	%	%	$	$
Financial Liability								
Accounts Payable	10,782	60,285	-	-	-	-	10,782	60,285
Convertible Notes	-	350,000	-	-	-	-	-	350,000
Total	10,782	410,285	-	-	-	-	10,782	410,285

Parent Entity

	Within 1 Year		1 to 5 Years		Later than 5 Years		Total Contractual Cash Flows	
	2010	2009	2010	2009	2010	2008	2010	2009
	$	$	$	$	%	%	$	$
Financial Liability								
Accounts Payable	10,782	60,285	-	-	-	-	10,782	60,285
Convertible Notes	-	350,000	-	-	-	-	-	350,000
Total	10,782	410,285	-	-	-	-	10,782	410,285

20 INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Groups key management personnel for the year ended 30 June 2010.

KMP Shareholdings

2010	Balance 1 July	(Disposed)	Acquired/ Issued	Balance 30 June
Dr Michael Monsour	13,420,555	-	227,273	13,647,828
Mr. David Gooch	1,175,000	(1,175,000)	-	-
Mr. R Mangelsdorf	4,608,367	-	-	4,608,367
Mr Jim Heckathorn *	1,600,000	(1,600,000)	-	-
Mr. Geoff Daly	-	-	-	-
Total	20,803,922	(2,775,000)	227,273	18,256,195
2009				
Dr Michael Monsour	10,065,665	-	3,354,890	13,420,555
Mr. David Gooch	950,000	-	225,000	1,175,000
Mr. Jim Heckathorn *	2,400,000	(1,300,000)	500,000	1,600,000
Mr. R Mangelsdorf	3,271,701	-	1,336,666	4,608,367
Mr. Geoff Daly	-	-	-	-
	16,687,366	(1,300,000)	5,416,556	20,803,922

* ceased as a director and KMP in July 2009, shares treated as disposed in 2010.

KMP Options Holdings

2010	Balance 1 July	(Exercised) (ii)	Issued as Compensation (iii)	Balance 30 June
Dr Michael Monsour	10,000,000	-	-	10,000,000
Mr. David Gooch	10,000,000	-	-	10,000,000
Mr Jim Heckathorn *	10,000,000	-	-	10,000,000
Mr. Ross Mangelsdorf	3,000,000	-	-	3,000,000
Mr Geoff Daley	4,500,000	(4,500,000)	-	-
Total	37,500,000	(4,500,000)	-	33,000,000

* ceased as a director and KMP in July 2009.

20 INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (cont'd)

	Balance 1 July	(Exercised)	Issued as Compensation	Balance 30 June
2009				
Dr Michael Monsour	3,354,890	(3,354,890)	10,000,000	10,000,000
Mr. David Gooch	225,000	(225,000)	10,000,000	10,000,000
Mr. Jim Heckathorn *	1,500,000	(500,000)	10,000,000	10,000,000
Mr. Ross Mangelsdorf	1,336,666	(1,336,666)	3,000,000	3,000,000
Mr. Geoff Daly	4,500,000	-	-	4,500,000
Total	10,916,556	(5,416,556)	33,000,000	37,500,000

* ceased as a director and KMP in July 2009

Number of Options held by Key Management Personnel

	Balance 30 June 2010	Total Vested 30 June 2010	Total Vested and Exercisable 30 June 2010	Total Vested and Exercisable 30 June 2009
Dr Michael Monsour	10,000,000	10,000,000	10,000,000	10,000,000
Mr. David Gooch	10,000,000	10,000,000	10,000,000	10,000,000
Mr. Ross Mangelsdorf	3,000,000	3,000,000	3,000,000	3,000,000
Mr Jim Heckathorn *	10,000,000	10,000,000	10,000,000	10,000,000
Mr Geoff Daly	-	-	-	4,500,000
Total	33,000,000	33,000,000	33,000,000	37,500,000

21 RELATED PARTY TRANSACTIONS

Transactions with directors 2010

Directors receive a fixed director's fee. These payments are detailed in the Remuneration Report which forms part of the Directors' Report. If any director performs additional services for the consolidated group they are paid a fee based on normal commercial terms.

Transactions with directors 2009

Directors receive a fixed director's fee. These payments are detailed in the Remuneration Report which forms part of the Directors' Report. If any director performs additional services for the consolidated group they are paid a fee based on normal commercial terms.

During the period, consulting fees associated with product development and manufacturing of $28,800 were paid Toplan Pty Ltd, an entity associated with Dr Michael Monsour . The transactions with related parties were on normal terms and conditions no more favorable than those available to other parties.

21 RELATED PARTY TRANSACTIONS (Continued)

Transactions with directors 2009 (continued)

During the period, MP Monsour Medical Practice Pty Ltd, an entity associated with Dr Michael Monsour, exercised 3,354,890 options which were issued as part of the Right's Issue conducted in 2007.

During the period, Mr David Gooch, exercised 225,000 options which were issued as part of the Right's Issue conducted in 2007.

During the period, Mr Jim Heckathorn, exercised 500,000 options which were issued as part of the Right's Issue conducted in 2007.

During the period, Tambien Pty Ltd, an entity associated with Mr Ross Mangelsdorf, exercised 1,336,666 options which were issued as part of the Right's Issue conducted in 2007.

All options exercised by directors and their related entities during the period had an exercise price of $0.02 and expired on 31 December 2008.

There are no amounts receivable from or payable to directors or their related entities as at 30 June 2009.

Details of amounts receivable by the Parent entity Analytica from its subsidiaries are disclosed in Note 11.

During the year the Company and Consolidated Group acquired five $100,000 Convertible Notes in CBio Limited. Dr Michael Monsour is a Non-executive director of CBio Limited and Dr Monsour, Mr. Heckathorn, Mr. Gooch and Mr. Mangelsdorf all held shares in CBio Limited at the time the investment was made. Dr Monsour did not participate in the decision to invest in CBio Limited due to his position as a Non-executive director with the company. As Analytica exercises neither significant influence nor control over CBio, the Board do not consider this transaction to be a Related Party transaction, however this disclosure is made in the spirit of good governance. This is consistent with the announcement to the ASX on 9 April 2009. Further details on the investment in CBio Limited can be found in Note 10- Financial Assets.

22 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The financial report is authorised for issue by the Board of Directors on the date that the Directors Declaration was signed.

There have not been any matters or circumstances that have arisen since the end of the year, that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the company in financial years after the 2010 financial year.

23 CAPITAL COMMITMENTS

As at the balance date, the Company has unfinalised contracts for the manufacture of Naltrexone implant pellets for use in planned clinical trials. The estimated remaining contracted costs to complete the manufacture of the Naltrexone implants is approximately $144,000.

The ability of the company to finalise these contracts will depend largely on the availability of government assistance. Subsequent to the balance date, the Company has submitted an application for funding under with the National Health & Medical Research Council. The grant application has been made in conjunction with the University of Sydney. Should the required funding be in place, it is expected these contracts will be finalised by 30 June 2011.

24 CORPORATE STRUCTURE

Analytica Limited is a company limited by shares that is incorporated and domiciled in Australia. Analytica Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

The principal place of business is:
Level 1
85 Brandl Street
Eight Mile Plains QLD 4113

The registered office of business is:
Level 12
680 George Street
Sydney NSW 2000

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
25 AUDITOR'S REMUNERATION				
The auditor of Analytica Limited is Bentleys				
Amounts received or due and receivable by Bentleys for:				
• An audit or review of the financial report of the entity and any other entity in the consolidated group	39,900	34,000	39,900	34,000
• Audit of Royalty paid to Company	2,200	1,900	2,200	1,900
• Review of Prospectus	-	-	-	-
• Tax compliance	10,461	6,990	10,461	6,990
	52,561	42,890	52,561	42,890

26. NEW ACCOUNTING STANDARDS FOR FUTURE PERIODS

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the group follows:

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-4 *Amendments to the Australian Accounting Standards arising from the Annual Improvements Project* [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 5, 8, 101, 107, 117, 118, 136, & 139] (applicable for annual reporting periods commencing from 1 January 2010). These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 - Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

26. NEW ACCOUNTING STANDARDS FOR FUTURE PERIODS (Continued)

AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-12 *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011). This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standards also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010). This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement - AASB 14* make amendments to Interpretation 14 AASB 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Group's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.

AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. AASB Interpretation 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

The group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the group's financial statements.

In June 2010, the *Corporations Act 2001* and *Corporations Regulations 2001* were amended. The amendments have resulted in the requirement for the annual financial report of a company group to include financial statements for the consolidated entity only, with certain disclosures for the parent entity required in the notes to the financial statements. However, the directors have decided to apply ASIC Class Order [CO 10/654] which allows inclusion of the parent entity financial statements in the annual financial report.

ANALYTICA LIMITED
and its controlled entities

Directors' Declaration
For the year ended 30 June 2010

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 18 to 52, are in accordance with the Corporations Act 2001, and:

    a) comply with Accounting Standards and *Corporations Regulations 2001*; and

    b) give a true and fair view of the company's financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chairman has declared that;

    a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b) the financial statements and notes for the financial year comply with the accounting standards; and

    c) the financial statements and notes for the financial year give a true and fair view.

3. Subject to the reference to Going Concern in Note 1, 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Michael Monsour

Dr Michael Monsour
Chairman

Dated 30 September 2010

Report on the Financial Report

We have audited the accompanying financial report ('financial report') of Analytica Limited (the company") and Analytica Limited and Controlled Entities ('the consolidated entity'), which comprises the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, statement of changes in equity, Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (A-IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Analytica Limited on 30 September 2010, would be in the same terms if provided to the directors as at the date of this auditors' report.

Independent Audit Report to the Members of Analytica Limited
For the year ended 30 June 2010

Auditor's Opinion

In our opinion:

a. the financial report of Analytica Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date: and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001: and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainties Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As a result of matters described in Note 1 "Going Concern", there is significant uncertainty whether Analytica Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should Analytica Limited not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 10 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Analytica Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Bentleys

Bentleys
Brisbane Partnership
Chartered Accountants

Martin Power

P M Power
Partner

30 September 2010
Brisbane

SHAREHOLDER INFORMATION
For the year ended 30 June 2010

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2010.

a) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed ordinary shares	
	Number of shares	**% of ordinary shares**
Mr Warren Stephen Brooks	16,716,665	4.07%
Ignatius Lip Pty Ltd <Ignatius Lip P/L S/Fund A/C>	15,963,851	3.88%
M P Monsour Medical Practice Pty Ltd <Superannuation Fund A/C>	7,691,790	1.87%
Mr Peter Marcus Barr & Mrs Kay Ellen Barr <Regnal Super Fund A/C>	6,949,887	1.69%
Emma Wigmore	6,666,666	1.62%
M P A M M Pty Ltd	5,400,972	1.31%
Kembla No 21 Pty Ltd <Soppitt Retirement Plan A/C>	5,031,357	1.22%
W Brooks Investments Pty Ltd <B & P Super Fund A/C>	5,006,819	1.22%
Mrs Anne Monsour	4,938,648	1.20%
Jayem Pty Ltd	4,181,819	1.02%
Mrs Marguerite Mary Gallagher <M Gallagher Family A/C>	4,000,000	0.97%
Mr Victor Pereira	3,681,823	0.90%
Mr John Graham Fleming & Mrs Susan Fleming <JG & S Fleming Fam SF A/C>	3,300,000	0.80%
Cradling Pty Ltd <Cradling S/F A/C>	3,254,315	0.79%
Mr Glen David Pryce	3,081,819	0.75%
Mr Gary Laurence Irving & Mrs Helen Judith Irving <The GL & HJ Irving S/F A/C>	3,041,780	0.74%
Mr Brian Anthony Gallagher & Mrs Marguerite Mary Gallagher <Superannuation Fund A/C>	3,000,037	0.73%
Tambien Pty Ltd <Mangelsdorf Super Fund>	2,975,117	0.72%
Mr Robert Anthony Hook & Mrs Frances Leisa Hutchinson	2,919,819	0.71%
Neatford Pty Ltd <CQD Super Fund A/C>	2,808,946	0.68%
TOTAL	**110,612,130**	**26.91%**

b) Distribution of equity securities

The number of shareholders, by size of holding, in each class of equity securities are:

	Ordinary Shares		Share Options	
	Number of holders	**Number of shares**	**Number of holders**	**Number of options**
1 - 1,000	811	398,311		
1,001 - 5,000	252	683,732		
5,001 - 10,000	164	1,446,796		
10,001 - 100,000	826	38,080,142		
100,001 and over	603	370,495,201	4	33,000,000
Total	**2,656**	**411,104,182**	**4**	**33,000,000**

The number of shareholders holding less than a marketable parcel of shares is 1,446 and they hold 6,161,443 ordinary shares.

c) Voting Rights

All ordinary shares carry one vote per share without restriction.

d) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

e) Voluntary Escrow

There are no Analytica securities under voluntary escrow.

f) Share Buy-Backs

There is no current or planned buy-back of the Company's shares.