Analytica Limited

Annual Report

For the Year Ended 30 June 2011

Analytica Limited

For the Year Ended 30 June 2011

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Analytica Limited

For the Year Ended 30 June 2011

Chairman's Letter

Dear Shareholder,

I am pleased to present you with Analytica Limited's Annual Report for the year ended 30 June 2011.

The 12 months through to 30 June 2011 have presented your company with a number of challenges and have seen a number of significant milestones being met.

Because of the size of our company and the intention to keep overheads to a bare minimum, Analytica's board of directors plays an active role in the day to day operations of your company, and I can assure shareholders that their funds are being applied wisely.

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

- we have brought to the Australian 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.

While we believe that our product is head and shoulders above anything that our competing suppliers have to offer, the task we are undertaking is by no means an easy one. In spite of this, Analytica Limited and Medical Australia Limited ***(MLA)*** announced in May 2011 that the first order has been completed for NSW Ambulance Service. The NSW Ambulance Service, the third largest ambulance service in the world, with 800 ambulances, 300 support vehicles, four fixed wing aircraft and task nine helicopters, has placed an ongoing order for the AutoStart® Burette. Our AutoStart Burettes (instead of the standard burette) are now carried by all ambulances across the state of New South Wales.

Analytica Limited and Medical Australia Limited also announced in July 2011, that Concord Repatriation Hospital has placed an order for the AutoStart® Burette, with forecast sales revenue upward of $500,000 per annum.

Concord Repatriation Hospital is a teaching hospital of Sydney Medical School at the University of Sydney and is a major hospital in Sydney offering a comprehensive range of specialty and sub-specialty services, many recognized nationally and internationally as centres of excellence. Their order for the AutoStart® Burette was made following an extensive 6 month clinical evaluation of the safety and time saving features of the AutoStart® Burette and has resulted in their most substantial change in intravenous practices in 16 years. The hospital-wide usage of our AutoStart® Burette in Concord Repatriation Hospital is expect to flow through to other major hospitals in New South Wales once supply issues have been addressed by MLA. The ramp up of the manufacturing is now occurring in China, overseen by MLA engineers with the help and guidance of our engineers headed by Mr Geoff Daly.

Another significant milestone will be the imminent release of Medical Australia Limited's range of burettes with our Autoflush feature. This Autoflush feature will be standard on the entire Tuta range of burettes sold in Australia and New Zealand.

As previously announced to the Australian Securities Exchange, our AutoFlush Burettes are currently being evaluated by major multinationals. Your board is hopeful that these evaluations will lead to the entry of our burette products into the North American and European markets in the near future.

Analytica Limited

For the Year Ended 30 June 2011

Chairman's Letter

Although the AutoStart® and Autoflush Burette are our lead products, we do not anticipate further major development in this field. Analytica has expertise as a medical device developer, and the directors determined that, to consolidate the future of the company, further products need to be developed. Our engineering resources are now focused on a perineometer system to improve women's motivation to perform the pelvic floor exercises proven to reduce the effects of stress urinary incontinence.

The aim of Pelvic Floor or "Kegel" exercises is to improve muscle tone by strengthening the pubococcygeus muscles. Kegel is a popular prescribed exercise for pregnant women to prepare the pelvic floor for physiological stresses of the later stages of pregnancy and vaginal childbirth. Kegel exercises are also a treatment for vaginal prolapse and preventing uterine prolapse in women.

Analytica's perineometer is a device which provides real-time feedback and encouragement for the patient during their pelvic floor exercise routines, and provides documentary feedback for their clinicians. Development has progressed with a working concept prototype, and completion of production-representative samples for clinical trials and validation is imminent.

Extensive work has been carried out on the device design and electronics, as well as the smartphone software used to manage the training. Early feedback from key professionals in the industry has already demonstrated that the patent pending features of this new device will offer a never before seen advantage in diagnosing and treating patients, and there is great anticipation for further development of the project.

Market research has confirmed there is a substantial market which is currently unsatisfied. In fact 1 in 3 women is likely to experience the disease. The budget of $3 million over the next 6 quarters includes the development of the device, manufacturing facility commissioning, quality system setup and approvals, trials and regulatory approvals, server database management, and detailed marketing preparations. It is anticipated the system will be launched in the 1^{st} quarter of 2013.

Your company is currently also looking at licensing further new products which will complement Analytica's existing skill set. This strategy is about providing a long-term future for Analytica and one that will see value returned to shareholders.

With the partnership of Medical Australia Limited, the imminent release of their range of burettes with our flush feature, the penetration of our AutoStart®Burette into the NSW Health market, and the ramp up of the production of the AutoStart® Burette with the possible entry of our burettes into overseas markets, 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 positive news throughout the 2011/12 year.

Yours sincerely

michael Monsour

Dr Michael Monsour
Chairman

Analytica Limited

Directors' Report

30 June 2011

Your Directors present their report, together with the statement of the consolidated group, being the Company and its controlled entities, for the financial year ended 30 June 2011.

1. General information

Directors

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

Names	Position	Appointed/Resigned
Dr Michael Monsour	Chairman	
Mr. David Gooch	Non-Executive Director	Resigned 25 July 2011
Mr. Ross Mangelsdorf	Executive Director	
Mr. Warren Brooks	Non-Executive Director	Appointed 25 July 2011

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

Principal Activities

The principal activities of the 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;
- The development of strategies for commercial sales of burette product;
- The development of intellectual property of medical device in relation to patents and systems in the pelvic floor exercise field;
- Development of intellectual property for manufacture and delivery of Naltrexone implants.

No significant change in the nature of these activities occurred during the year.

2. Operating Results and Review of Operations for the Year

Operating Results

The consolidated loss of the consolidated group for the financial year after providing for income tax and eliminating minority equity interests amounted to $(203,176). This represented an 84% decrease on the results reported for the year ended 30 June 2010 ($1,287,837).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of Operations

Analytica Limited appointed Medical Australia Limited to manufacture, distribute and market the AutoStart® and AutoFlush Burette in April 2010, after signing a heads of agreement in November 2009. Our engineering team have been working with Medical Australia Limited to facilitate the manufacturing of the Burette.

2. Operating Results and Review of Operations for the Year continued

Analytica Limited and Medical Australia Limited announced in May 2011 that the first order has been completed for NSW Ambulance Service. The NSW Ambulance Service, the third largest ambulance service in the world, with 800 ambulances, 300 support vehicles, four fixed wing aircraft and task nine helicopters, has placed an ongoing order for the AutoStart® Burette. These devices will be carried by ambulances across the state.

Analytica Limited and Medical Australia Limited announced in July 2011, that Concord Repatriation Hospital, a major hospital in Sydney, offering a comprehensive range of specialty and sub-specialty services, many recognized nationally and internationally as centres of excellence, has placed an order with forecast sales revenue upward of $500,000 per annum. Concord is a teaching hospital of Sydney Medical School at the University of Sydney. This order, a result of an extensive 6 month clinical evaluation of the safety and time saving features of the AutoStart® Burette, has resulted in their most substantial change in IV practices in 16 years.

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. The method of operation of the device reduces time, increasing safety, as well as permitting features of newer infusion pumps to be able to be utilised.

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 timesavings. In today’s under staffed hospitals, time savings are critical to nurses, patients, and administrators alike.

Medical Australia is also incorporating Analytica's AutoFlush feature into their range of TUTA® burettes, and this feature is gaining attention from global medical device suppliers. The flushing system 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 ampoules, delivering substantial cost savings and safety.

The final royalty of $27,000 and loan instalment of $30,000 were received from Vital Diagnostics Pty Ltd in December 2010. This finalises the agreement negotiated in November 2004.

In April 2009, the Company made a strategic investment in CBio Ltd by purchasing a convertible note. In February 2010 CBio Ltd listed and the note was required to be converted together with accrued interest resulting 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. The shares closed at 63 cents on the 30th June 2011 which resulted in a fair value increase of $381,320 (after a fair value reduction in 2010 of $245,507). In July 2011 CBio Ltd announced it has completed phase IIa of the clinical trial of its lead drug candidate XToll® in Rheumatoid Arthritis (RA).

Our engineering team are making substantial progress with the development of the product to address female incontinence. Development has progressed with a working prototype and the recent completion of representative samples for clinical trials. Extensive work has been carried out on the mechanics of the device and the design of the graphical user interface. Early feedback from professionals in the industry has already demonstrated that this new device will offer a never before seen advantage in diagnosing and treating patients, and there is great anticipation for further development of the project. Market research has confirmed there is a substantial market which is currently unsatisfied.

Activity with the Naltrexone project has been restricted due to funding constraints and as a consequence progress on the project has been limited to discussions with potential partners in development.

3. Other items

Significant Changes in 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

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

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 17 of the financial report.

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 of pelvic floor exercise device, interface and reporting and monitoring systems.
- Development of marketing and sales support systems for the pelvic floor exercise system.
- 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 regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Qualifications and Experience

Dr Michael Monsour	Chairman (appointed 28 June 2004)
Qualifications	MBBS-HONS, FACRRM, FAICD
	Dr Michael Monsour is a member of the Audit and Risk Management Committee.
	Dr Michael 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 currently the chairman of InJet Digital Aerosols Limited and a non-executive Director of CBio Limited (appointed 31 January 2007). He is also a non-executive Director of Australian Technology Innovation Fund Limited and Australia Bio fund Investment Limited (Hong Kong). Dr Monsour was formerly a Director of the listed entity BresaGen Limited (July 2005 to November 2006). Dr Monsour was appointed to the Audit and Risk Management Committee subsequent to the balance date.
	Directors' interest in ordinary shares: 13,647,828 Directors' interest in share options: 10,000,000
Mr. David Gooch	Non-Executive Director (resigned 25 July 2011)
Qualifications	FAICD
Experience	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.
Interest in shares and options	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)
Qualifications	B. Bus, FCA, FTIA, MAICD
Experience	Mr Mangelsdorf performs the function of Chief Financial Officer of the Company and is a member of the Audit and 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 30 years. He works with SME production, manufacturing and retail firms assisting with business, taxation and management services.
Interest in shares and options	Director's interest in ordinary shares: 4,608,367 Director's interest in share options: 3,000,000
Mr. Warren Brooks	Non Executive Director (appointed 25 July 2011)
Qualifications	Securities Institute Certificate, Diploma in financial Planning
Experience	Mr Brooks was the Managing Director and Founder of boutique Financial Advisory firm Clime AFM Pty Ltd which was a wholly owned subsidiary of Clime Investment Management Ltd, an ASX listed Company. Mr Brooks also founded Australian Financial Management (Investment) Pty Ltd in 1998 and sold the business to Clime Investment Management Ltd in 2006. Warren previously had 28 years experience working in Investment Banking and Stockbroking.
Interest in shares and options	Director's interest in ordinary shares: 22,223,484 Director's interest in options: Nil

Company Secretary

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

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

Ms Yuen is a solicitor with over eleven 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 Limited.

Ms Yuen is also the Company Secretary of Viralytics Limited, Bremer Park Limited and National Gaming and Leisure Limited.

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, default, breach of duty or breach of trust.

Meetings of Directors

During the financial year, seven meetings of Directors were held. Two meetings of the Audit Committee were held during the year.

Attendances at Board meetings by each Director during the year were as follows:

	Directors' Meetings		**Audit Committee Meetings**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
Dr Michael Monsour	7	6	2	2
Mr. David Gooch	7	7		
Mr. Ross Mangelsdorf	7	7	2	2
Mr. Warren Brooks	-	-		

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Non-audit Services continued

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2011:

	2011	2010
	$	$
Tax compliance services	**7,000**	10,461
Audit of royalty paid to Company	**2,100**	2,200
	9,100	12,661

REMUNERATION REPORT

Remuneration Details for the Year Ended 30 June 2011

The remuneration policy of Analytica Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Analytica Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The remuneration policy is approved by the Board after professional advice is sought from independent external consultants.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board reviews key management personnel packages annually by reference to the consolidated group’s performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated group’s profits and shareholders’ value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee’s recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Remuneration Report continued

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Non-Executive Director Remuneration

The Board's 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 this meeting the Board set individual Director's 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 Directors' fees are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company

Executive Directors' Remuneration

The Board's 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.

Entities associated with Mr Ross Mangelsdorf were paid consulting, accounting and taxation services fees during the year totalling $49,000 (2010: nil).

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.

Analytica Limited

Directors' Report

30 June 2011

Key Management Personnel Remuneration

The following table of benefits and payment details, in respect to the financial year, sets out the components of remuneration for each member of the key management personnel of the consolidated group:

Table of Benefits and Payments for the Year Ended 30 June 2011

		Salary, fees and leave	Superannuation	Total
		$	$	$
Directors				
Dr Michael Monsour	2011	**$75,000**	**$6,750**	**$81,750**
	2010	75,000	6,750	81,750
Mr David Gooch	2011	**50,000**	**4,500**	**54,500**
	2010	50,000	4,500	54,500
Mr Ross Mangelsdorf	2011	**50,000**	**4,500**	**54,500**
	2010	50,000	4,500	54,500
Mr Jim Heckathorn (Deceased July 2009)	2011	0	0	0
	2010	4,167	375	4,542
Total Directors	2011	**175,000**	**15,750**	**190,750**
	2010	179,167	16,125	195,292
Other Key Personnel				
Mr Geoff Daly	2011	**160,000**	**14,400**	**174,400**
	2010	160,000	14,400	174,400
Total Other Executives	2011	**160,000**	**14,400**	**174,400**
	2010	$160,000	$14,400	$174,400

During the 2011 and 2010 year, there were no bonuses, non-monetary benefits, share or cash settled share based payments made to key management personnel.

Entities associated with Mr Ross Mangelsdorf charged consulting, accounting and taxation services fees during the year totalling $49,500 (2010: nil).

Options

Options Granted 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.

Options Granted as Remuneration continued

At the date of this report, the unissued ordinary shares of Analytica Limited under option are 33,000,000. Refer to Note 20 - Share Based Payments for further details.

No options were granted during the year 30 June 2011.

Key Management Personnel Equity Interests

Details of key management personnel equity interest can be found in Note 5 - Interests of Key Management Personnel.

This directors' report, incorporating the remuneration report is signed in accordance with a resolution of the Board of Directors.

michael Monsour

Director: .... Dated: 22 September 2011

Dr Michael Monsour

Analytica Limited

Corporate Governance Statement

The Company adopted a Corporate Governance Charter on 14 August 2008 with a view to complying with the ASX Corporate Governance Council's (***the Council***) 'Corporate Governance Principles and Recommendations 2nd Edition'. The Board has 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 Council's recommendations. Deviations from the Council's recommendations are noted below.

This statement outlines the Company's principal corporate governance practices in place during the year.

Lay Solid Foundations for Management and Oversight

The Board has an overriding responsibility to act in the best interest 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 set 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.

All significant matters are dealt with by the Board. Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

The Board is primarily responsible for Company strategy and had 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.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' report.

The names of the current Directors of the Company are:

Dr Michael Monsour

Mr Warren Brooks

Mr Ross Mangelsdorf

Director Independence

The criteria that the Board uses to determine director independence is included in the Board Charter (part of the Corporate Governance Charter) which is available on the Company's website. The Board has adopted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management i.e. a non-executive Director and who:

(a) is not a substantial Shareholder of the Company, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder of the Company;

(b) has not, within the last three years:

  (i) been employed in an executive capacity by the Company or another Group member; or

  (ii) been a Director after ceasing employment in an executive capacity for the Company or another Group member;

(c) has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;

(d) is not:

  (i) a material supplier or customer of the Company or another Group member; or

  (ii) an officer of or associated, directly or indirectly, with a material supplier or customer;

(e) has no material contractual relationship with the Company or another Group member other than as a Director;

(f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

(g) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

Only the Chairman of the Board, Dr Michael Monsour, is considered to be an independent director.

Mr Warren Brooks is not considered to be an independent director as he is a substantial shareholder of the Company.

Mr Ross Mangelsdorf is not considered to be an independent director as he performs the function of Chief Financial Officer of the Company and entities associated with him were paid consulting, accounting and taxation services fees during the year.

The Board notes that although the majority of Directors are not independent as recommended by the ASX Corporate Governance Principles and Recommendations, the current Board composition is appropriate for the Company at this stage of its development. The Board notes that all incumbent Directors bring an independent judgement to bear in Board deliberations.

The Board regularly assesses whether each Director is 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.

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

Nomination Committee

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 once formed.

Performance Evaluations

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 that the success of the Company depends 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.

Ethical Standards

The Board acknowledges and emphasises the importance of all Directors maintaining the highest standards of corporate governance practice and ethical conduct.

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 Code of Conduct requires Directors to:

- act in good faith in the best interests of the Company and for a proper purpose;
- act in the interests of all shareholders and avoid any potential conflict of interest;
- exercise a reasonable degree of care and diligence in fulfilling the functions of office;
- be independent in his or her judgement and actions, and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- keep confidential any Board matters and all confidential information received by the Directors in the course of the exercise of their duties;
- not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to the Company or the Group;
- not take improper advantage of their position as a Director;
- avoid conflicts and make full disclosure of any possible conflict of interest; and
- comply with the law.

The Company also has a Code of Conduct for Transactions in Securities which governs 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.

Ethical Standards continued

The Board has resolved to limit any dealings in the Company's shares to a four week period commencing on the next trading day following the release of the Company’s half-yearly and annual results, and the four period commencing on the next trading day after the conclusion of the Annual General Meeting.

Trading during these trading windows is only permitted if the trader is not in possession of price-sensitive information and the trade is not for short term or speculative gain.

Trading outside these trading 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 with is available on the Company's website: www.analyticamedical.com, under "About Us" then "Governance".

Directors are obliged to be independent in judgemental and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

The Board has noted that 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. The Company currently has the equivalent of 2.3 full-time employees, of which the equivalent of 1.3 full-time employees is female. There are currently no women in senior executive positions and no female board members. The company secretary is female.

Given the size and operations of the Company, the Board does not propose to implement a diversity policy at this stage.

Trading Policy

The Company's policy regarding Directors and employees trading in its securities is set by the finance committee. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this reflected in the security's prices.

Audit and Risk Management Committee

The names and qualifications of those appointed to the audit and risk management committee and their attendance at meetings of the committee are included in the Directors' report.

Performance Evaluation

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.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

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

Board Roles and Responsibilities continued

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. Furthermore, all information communicated to the ASX is to be posted on the Company website.

Shareholder Rights

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 regular ASX announcements. 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.

Risk Management

The Board is responsible for Company strategy, including the identification of material risks. This responsibility is fulfilled by the Audit 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 policies for the oversight and management of material business risks. The risk of the Company's and the Group's businesses are reviewed by the Board following each report by the Audit 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 Committee and, through it; the Board is informed of the action plan.

The Audit Committee must approve 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 Committee (who also performs the function of Chief Financial Officer) 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 (who is the acting Chief Executive Officer) and from the Chairman of the Audit Committee (who also performs the function of Chief Financial Officer) with a declaration in accordance with s295(A) of the Corporations Act 2001 (Cth) that is founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.

Remuneration Policies

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the Company's profits and shareholders' value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

The amount of remuneration for all key management personnel for the Company, including all monetary and non-monetary components, are detailed in the Directors report under the heading key management personnel compensation. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

Remuneration Policies continued

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the Analytica Limited. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Remuneration Committee

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 Company 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 shareholder approval, has granted options over ordinary shares in the Company to Directors and executives to ensure that Directors, executives and shareholder 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 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 with is available on the Company's web site, www.analyticamedical.com (under "About Us" then "Governance").

Analytica Limited

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 2011 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

Bentleys
Brisbane Partnership
Chartered Accountants

Martin Power

PM Power
Partner

Dated: 19 September 2011

Brisbane

Analytica Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Consolidated	
	2011	**2010**
	$	**$**
Loss for the year	**(203,176)**	(1,287,837)
Total comprehensive income for the year	**(203,176)**	(1,287,837)
Total comprehensive income attributable to:		
Members of the parent entity	**(203,176)**	(1,287,837)
	(203,176)	(1,287,837)

The accompanying notes form part of these financial statements.

Analytica Limited

Consolidated Income Statement

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Revenue and other income	2	**272,878**	290,548
Less Expenses:			
Marketing expense		**(26,047)**	(169,966)
Occupancy expense		**(600)**	(10,168)
Administrative expense		**(423,882)**	(445,662)
Research and development		**(374,583)**	(601,227)
Finance costs		**(5,333)**	(20,642)
Fair Value Adjustment		**381,320**	(245,507)
Depreciation		**(12,844)**	(13,247)
Other expenses	3(a)	**(14,085)**	(71,966)
Loss before income tax		**(203,176)**	(1,287,837)
		(203,176)	(1,287,837)
Basic/Diluted Loss per share (cents per share)	7	**(0.05 cents)**	(0.3 cents)

The accompanying notes form part of these financial statements.

Analytica Limited

Consolidated Statement of Financial Position

30 June 2011

	Note	Consolidated 2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**1,342**	419,383
Trade and other receivables	9	**293,428**	86,002
Inventories	10	**16,238**	21,544
Joint ventures		**-**	-
TOTAL CURRENT ASSETS		**311,008**	526,929
NON-CURRENT ASSETS			
Other financial assets	11	**658,169**	276,849
Property, plant and equipment	13	**20,169**	30,741
TOTAL NON-CURRENT ASSETS		**678,338**	307,590
TOTAL ASSETS		**989,346**	834,519
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**113,306**	25,369
Borrowings - Loan from a director related entity	22	**268,700**	-
Short-term provisions	16	**59,143**	60,147
TOTAL CURRENT LIABILITIES		**441,149**	85,516
NON-CURRENT LIABILITIES			
Long-term provisions	16	**8,185**	5,779
TOTAL NON-CURRENT LIABILITIES		**8,185**	5,779
TOTAL LIABILITIES		**449,334**	91,295
NET ASSETS		**540,012**	743,224
EQUITY			
Issued capital	17	**80,959,107**	80,959,107
Reserves	25	**2,630,508**	2,630,508
Accumulated Losses		**(83,049,603)**	(82,846,396)
Parent interest		540,012	743,219
Non-controlling interest		**-**	5
TOTAL EQUITY		**540,012**	743,224

The accompanying notes form part of these financial statements.

Analytica Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2011

2011		**Consolidated**				
	Note	**Ordinary Shares**	**Accumulated Losses**	**Option Reserve**	**Non-controlling Interests**	**Total**
		$	**$**	**$**	**$**	**$**
Balance at 1 July 2010		80,959,107	(82,846,396)	2,630,508	5	743,224
Elimination of outside equity interests following deregistration of subsidiaries	12	-	(31)	-	(5)	(36)
Loss for year		-	(203,176)	-	-	(203,176)
Sub-total		-	(203,207)	-	-	(203,212)
Balance at 30 June 2011		80,959,107	(83,049,603)	2,630,508	-	540,012

2010	**Consolidated**				
	Ordinary Shares	**Accumulated Losses**	**Option Reserve**	**Non-controlling Interests**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2009	79,609,178	(81,558,559)	2,630,508	5	681,132
Shares issued during the year	1,212,429	-	-	-	1,212,429
Loss for year	-	(1,287,837)	-	-	(1,287,837)
Conversion of unlisted Options	137,500	-	-	-	137,500
Sub-total	1,349,929	(1,287,837)	-	-	62,092
Balance at 30 June 2010	80,959,107	(82,846,396)	2,630,508	5	743,224

Analytica Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**33,284**	227,758
Payments to suppliers and employees		**(717,090)**	(1,275,403)
Interest received		**5,330**	22,347
Finance costs		**(5,993)**	(20,642)
Net cash provided by (used in) operating activities	19(a)	**(684,469)**	(1,045,940)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiary		**-**	-
Purchase of property, plant and equipment	13	**(2,272)**	(29,875)
Borrowing – Loan from a director related entity	22	**268,700**	-
Net cash provided by (used in) investing activities		**266,428**	(29,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	1,016,745
Payment of transaction costs		**-**	(66,816)
Net cash provided by (used in) financing activities		**-**	949,929
OTHER ACTIVITIES			
Net increase (decrease) in cash held		**(418,041)**	(125,886)
Cash and cash equivalents at beginning of financial year		**419,383**	545,269
Cash and cash equivalents at end of financial year	8	**1,342**	419,383

These consolidated financial statements and notes represent those of Analytica Limited and controlled entities (the “consolidated group”).

The separate financial statements of the parent entity, Analytica Limited, have not been presented within the financial report as permitted by the Corporations Act 2001.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going Concern

The financial report has been prepared on a going concern basis.

However, at 30 June 2011 the Company had a consolidated deficiency in net current assets of $130,141. In addition, 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. In recent months the Board has taken steps to raise more capital and is expecting to generate $2.8 million by way of a rights issue to existing shareholders in October 2011.

The Company also expects to generate royalty income during the 2012 financial year from sales of its AutoStart® Burette and/or AutoFlush enabled Burette. Whilst not expected to become cash flow positive prior to 30 June 2012, royalty revenues generated will assist the Company in meeting its ongoing working capital requirements.

However if adequate capital raising is not achieved 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 Summary of Significant Accounting Policies continued

(c) 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 to achieve the objectives of Analytica Limited. Details of the controlled entities are in Note 12.

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.

(d) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(h)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the consolidated statement of comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated income statement.

1 Summary of Significant Accounting Policies continued

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors valuations to ensure the land and buildings carrying amount is not materially different to the fair value.
Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis 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 these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

1 Summary of Significant Accounting Policies continued

(f) Property, Plant and Equipment continued

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	
Plant and Equipment	20%
Office Equipment	33.3% to 40%
Computer Equipment	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated income statement. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Financial Instruments

Initial recognition and 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 the equivalent to the date that the consolidated group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial 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.

1 Summary of Significant Accounting Policies continued

(g) Financial Instruments continued

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 Consolidated 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.

(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(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 consolidated group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months are the end of the reporting period. (All other investments are classified as current assets.)

If during the period the consolidated group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

1 Summary of Significant Accounting Policies continued

(g) Financial Instruments continued

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets)

(v) *Financial liabilities*

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

(vi) *Net assets attributable to unitholders*

Units are redeemable at the option of the unitholder and are therefore classified as financial liabilities. Redemption of units obligates the Company to deliver cash to the unitholder based on the fair value of the units at the date of redemption. The liability at balance date is measured at fair value with changes recognised through profit or loss.

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 Company 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.

1 Summary of Significant Accounting Policies continued

(h) Impairment of Assets

At each reporting date, the consolidated group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

(i) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the consolidated group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Consolidated Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Consolidated Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the consolidated income statement. Where the investment has been equity accounted, any credit reserve balances are recycled to the consolidated income statement.

In determining the net identifiable assets acquired, contingent liabilities of the acquiree are included to the extent to which they represent a present obligation and can be measured reliably.

Goodwill on acquisitions 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 related to the entity sold.

1 Summary of Significant Accounting Policies continued

(i) Intangibles

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) 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. Bank overdrafts are shown within short-term borrowings in current liabilities in the consolidated statement of financial position.

(k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are 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 present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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 Consolidated Income Statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares on the option granted. Information on equity based compensation is disclosed in Note 20.

(l) Provisions

Provisions are recognised when the consolidated group 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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1 Summary of Significant Accounting Policies continued

(m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

(n) Income Tax continued

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 Summary of Significant Accounting Policies continued

(o) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated 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.

(r) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

The gains and losses arising from conversion of short-term assets and liabilities, whether realised or unrealised, are recognised in the consolidated income statement.

(s) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments 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.

1 Summary of Significant Accounting Policies continued

(t) 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.

(u) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

– AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

– AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

1 Summary of Significant Accounting Policies continued

(u) New Accounting Standards for Application in Future Periods continued

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

  - for-profit private sector entities that have public accountability; and
  - the Australian Government and state, territory and local governments.

  Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

  AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

- 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 IFRSs by the IASB. The Standard 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. The amendments are not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

  This Standard is not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

1 Summary of Significant Accounting Policies continued

(u) New Accounting Standards for Application in Future Periods continued

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

– AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

– AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

1 Summary of Significant Accounting Policies continued

(u) New Accounting Standards for Application in Future Periods continued

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

  [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

  This Standard is not expected to impact the Group.

The Consolidated Group does not anticipate early adoption of any of the above accounting standards.

1 Summary of Significant Accounting Policies continued

(v) Comparative Figures

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

When the consolidated group has retrospectively applied an accounting policy or makes a retrospective restatement or reclassifies items in its financial statements, an additional consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Where the consolidated group has retrospectively applied an accounting policy, made a retrospective restatement or reclassifies items in its financial statements, an additional consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

2 Revenue and Other Income

	Consolidated	
	2011	**2010**
	$	**$**
Revenue from Continuing Operations		
- Sales	**6,100**	1,800
Other revenue		
- R and D Tax Concession	**261,448**	225,958
- Royalties	**-**	27,184
- Interest from third parties	**5,330**	35,606
	266,778	288,748
Total Revenue	**272,878**	290,548

3 Loss for the Year

(a) Expenses

Cost of sales	**5,306**	-
Other Expenses:		
Legal fees	**5,050**	19,961
Travel	**8,727**	39,545
Other	**308**	12,460
Total other expenses	**14,085**	71,966
Depreciation and Amortisation		
Depreciation - Plant and equipment at cost	**12,844**	13,247
Total Depreciation and Amortisation	**12,844**	13,247
Audit Remuneration		
auditing or reviewing the financial report	**35,004**	39,900
other services	**9,100**	12,661
Total Audit Remuneration	**44,104**	52,561

4 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated 2011 $	2010 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		
- parent entity	**(60,953)**	(386,351)
	(60,953)	(386,351)
Add:		
Tax effect of:		
- other non-allowable items	**51,206**	150,194
- future benefits not recognised	**172,226**	363,230
	162,479	127,073
Less:		
Tax effect of:		
- movement in provisions	**3,363**	(5,437)
- other non-assessable items	**78,435**	57,418
- other deductible items	**80,681**	75,092
	162,479	127,073
Income tax attributable to parent entity	-	-
Income tax attributable to entity	-	-

The weighted average effective consolidated tax rate for 2011 is zero which is consistent with 2010.

5 Interests of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the consolidated group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to key management personnel of the Company and the consolidated group during the year are as follows:

	Consolidated	
	2011	**2010**
	$	**$**
Short-term employee benefits	**335,000**	339,167
Post-employment benefits	**30,150**	30,525
	365,150	369,692

Other Key Management Personnel Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

KMP Shareholdings

2011	**Balance 1 July**	**(Disposed)**	**Acquired/ Issued**	**Balance 30 June**
Dr Michael Monsour	13,647,828	-	-	13,647,828
Mr R Mangelsdorf	4,608,367	-	-	4,608,367
Total	**18,256,195**	-	-	**18,256,195**

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 J Heckathorn*	1,600,000	(1,600,000)	-	-
Total	**20,803,922**	**(2,775,000)**	**227,273**	**18,256,195**

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

KMP Option Holdings

2011	**Balance 1 July**	**(Exercised) (ii)**	**Issued as Compensation**	**Balance 30 June**
Dr Michael Monsour	10,000,000	-	-	10,000,000
Mr David Gooch	10,000,000	-	-	10,000,000
Mr R Mangelsdorf	3,000,000	-	-	3,000,000
Total	**23,000,000**	-	-	**23,000,000**

KMP Option Holdings continued

2010	Balance 1 July	(Exercised)	Issued as Compensation	Balance 30 June
Dr Michael Monsour	10,000,000	-	-	10,000,000
Mr David Gooch	10,000,000	-	-	10,000,000
Mr J Heckathorn	10,000,000	-	-	10,000,000
Mr R Mangelsdorf	3,000,000	-	-	3,000,000
Mr G Daly	4,500,000	(4,500,000)	-	-
Total	**37,500,000**	**(4,500,000)**	**-**	**33,000,000**

Number of Options held by Key Management Personnel

2011	Balance 30 June	Total Vested 30 June	Total Vested and Exercisable 30 June	Total Vested and Exercisable 30 June 2010
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 R Mangelsdorf	3,000,000	3,000,000	3,000,000	3,000,000
Total	**23,000,000**	**23,000,000**	**23,000,000**	**23,000,000**

6 Auditors' Remuneration

	Consolidated 2011 $	Consolidated 2010 $
Remuneration of the auditor of the parent entity for:		
- An audit or review of the financial report of the entity and any entity in the consolidated group	**35,004**	39,900
- Tax compliance	**7,000**	10,461
- Audit of royalty paid to Company	**2,100**	2,200
	44,104	52,561

7 Earnings (Loss) per Share

	Consolidated	
	2011	**2010**
	$	**$**
Basic/Diluted loss per share (cents per share)	**(0.05 cents)**	(0.3 cents)
Income and share data used in the calculations of basic and diluted earnings per share:		
Net Loss	**(203,176)**	(1,287,837)
Weighted average number of ordinary shares on issue in the calculation of basic earnings per share	**411,104,182**	384,432,184
Earnings used to calculate basic EPS	**(203,176)**	(1,287,837)
Earnings used in calculation of dilutive EPS	**(203,176)**	(1,287,837)
Weighted average number of ordinary shares on issue in the calculation of basic EPS	**411,104,182**	384,432,184
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive EPS	**411,104,182**	384,432,184

	Consolidated	
	2011	**2010**
	No.	**No.**
Share Options on Issue	**33,000,000**	33,000,000
	33,000,000	33,000,000

(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.

8 Cash and Cash Equivalents

	Consolidated	
	2011	**2010**
	$	**$**
Cash at bank	**1,342**	419,383
	1,342	419,383

Financing Facilities: At 30 June 2011 the consolidated entity had no credit standby arrangements or unused loan facilities except for $131,300 which was undrawn from the director related loan facitlity (refer note 22).

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**1,342**	419,383
	1,342	419,383

9 Trade and Other Receivables

CURRENT		
Prepayments	**22,733**	24,271
GST receivable	**9,246**	4,154
Other receivables	**261,449**	27,577
Loan receivable	**-**	30,000
Total current trade and other receivables	**293,428**	86,002

10 Inventories

CURRENT		
At Cost		
Finished goods	**16,238**	21,544
	16,238	21,544

Analytica Limited

Notes to the Financial Statements

For the Year Ended 30 June 2011

11 Other Financial Assets

	Consolidated 2011 $	Consolidated 2010 $
Investment in CBio Limited		
Held for trading financial assets		
Listed shares at cost	**522,356**	522,356
Fair value adjustment	**135,812**	(245,507)
Total Other Financial Assets	**658,168**	276,849

Financial assets at fair value through profit or loss

(i) 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.

(ii) 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 each year.

12 Investments

(a) Controlled Entities Consolidated

Name	Percentage Owned (%)* 2011	Percentage Owned (%)* 2010
Subsidiaries of parent entity:		
Graesser Pty Ltd***	**100**	100
YL Brands Pty Ltd**	**Nil**	95
Brewer Retractable Technologies Pty Ltd**	**Nil**	100
Recovery Clinic Pty Ltd**	**Nil**	100

* Percentage of voting power is in proportion to ownership

**Voluntarily deregistered as at 30 June 2010

*** Voluntarily deregistered as at 30 June 2011

12 Investments continued

(b) Investments Accounted for Using the Equity Method

The Company has a 45% interest in Golden Top Trading Limited, a joint venture in Hong Kong with Zhejiang Lingyang Medical Apparatus Company of Linhai, China and J&J Stamina company in 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, profit and losses of the joint venture company using the equity method of accounting. As at 30 June 2011, Golden Top Trading Limited had not commenced trading and had a total assets of nil (2010: $462) and total liabilities of nil (2010: $462).

The joint venture was voluntarily deregistered as at 30 June 2011.

13 Property, Plant and Equipment

	Consolidated	
	2011	**2010**
	$	**$**
PLANT AND EQUIPMENT		
At cost	**78,583**	76,311
Less Accumulated Depreciation	**(58,414)**	(45,570)
Total property, plant and equipment	**20,169**	30,741

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	**Plant and Equipment**	**Computer Equipment**	**Computer Software**	**Total**
	$	**$**	**$**	**$**
Balance at 30 June 2011				
Balance at the beginning of year	**24,568**	**5,534**	**639**	**30,741**
Additions	**-**	**1,065**	**1,207**	**2,272**
Depreciation expense	**(6,299)**	**(5,951)**	**(594)**	**(12,844)**
Carrying amount at the end of 30 June 2011	**18,269**	**648**	**1,252**	**20,169**
Balance at 30 June 2010				
Balance at the beginning of year	1,945	11,539	629	14,113
Additions	28,921	-	954	29,875
Depreciation expense	(6,298)	(6,005)	(944)	(13,247)
Carrying amount at the end of 30 June 2010	24,568	5,534	639	30,741

14 Intangible Assets

	Consolidated	
	2011	**2010**
	$	**$**
Intangible assets		
Intellectual Property: at cost	**145,000**	2,052,708
Accumulated Amortisation	**(145,000)**	(2,052,708)
	-	-

15 Trade and Other Payables

CURRENT

	Consolidated	
	2011	**2010**
	$	**$**
Trade and other payables		
Trade payables	**91,837**	10,782
Other payables - PAYG withholding	**13,046**	14,498
Other payables - superannuation payable	**-**	89
Accrued expenses	**7,752**	-
Other payables	**671**	-
	113,306	25,369

16 Provisions

Consolidated

	Employee entitlements	Audit fees	Tax return costs	Total
	$	$	$	$
Opening balance at 1 July 2010	39,825	23,651	2,450	65,926
Additional provisions	3,459	(597)	(1,460)	1,402
Balance at 30 June 2011	43,284	23,054	990	67,328

Analysis of Total Provisions

	Consolidated	
	2011	**2010**
	$	**$**
Current	**59,143**	60,147
Non-current	**8,185**	5,779
	67,328	65,926

17 Issued Capital

			Consolidated	
	2011	2010	2011	2010
	No.	No.	$	$
Ordinary Shares	**411,104,182**	411,104,182	**80,959,107**	80,959,107
Unlisted Options	**33,000,000**	33,000,000	**-**	-
Total			**80,959,107**	80,959,107

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

(a) Ordinary Shares

	Consolidated	
	2011	2010
	No.	No.
At the beginning of the reporting period	**411,104,182**	341,558,792
Shares issued during the year		
Share purchase plan	**-**	39,965,790
Exercise of options employee incentive scheme	**-**	5,500,000
Issued Joint Venture Partner for costs incurred	**-**	746,269
Conversion of convertible notes	**-**	23,333,331
At reporting date	**411,104,182**	411,104,182

(b) Ordinary Shares

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

At the 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.

17 Issued Capital continued

(c) Capital Management

The Board controls the capital of the consolidated group 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.

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 are no externally imposed capital requirements.

The Board effectively manages the consolidated group's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year, due to the level of cash held by the Company at year end.

The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Consolidated	
	2011	**2010**
	$	**$**
Trade and other payables	**113,306**	25,369
Loan from a director	**268,700**	-
Short-term provisions	**59,143**	60,147
Less Cash and cash equivalents	**(1,342)**	(419,383)
Net debt	**439,807**	(333,867)
Total equity	**540,012**	743,224
Total capital	**979,819**	409,357
Gearing ratio	**45.00%**	(82.00)%

18 Operating Segments

Segment Information

Identification of reportable segments

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.

The Company is managed primarily on the basis of product category and service offerings as the diversification of the Company's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

(i) 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 consolidated group.

(ii) Segment assets

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

18 Operating Segments Continued

(iii) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the consolidated group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(a) Segment performance

	Medical Devices		Pharmaceuticals		Corporate		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$
REVENUE								
Sales	**6,100**	1,800	**-**	-	**-**	-	**6,100**	1,800
Other revenue	**-**	-	**-**	-	**266,778**	288,748	**266,778**	288,748
Total segment revenue	**6,100**	1,800	**-**	-	**266,778**	**288,748**	**272,878**	290,548
Reconciliation of segment revenue to group revenue								
Segment results	**(367,084)**	(525,037)	**(7,500)**	(76,190)	**171,408**	(686,610)	**(203,176)**	(1,287,837)
Assets	**-**	-	**-**	-	**989,346**	834,519	**989,346**	834,519
Liabilities	**-**	-	**-**	-	**441,148**	91,295	**441,148**	91,295
Other								
Assets acquired	**-**	-	**-**	-	**2,272**	29,875	**2,272**	29,875
Depreciation	**-**	-	**-**	-	**12,844**	13,247	**12,844**	13,247
Impairment loss							**-**	-
Research and development	**367,084**	525,037	**7,500**	76,190	-	**-**	**374,584**	601,227

(b) Secondary segments

Geographic segments

The secondary segment details are listed below by geographical location:

	Sales		Segment Assets		Assets Acquired	
Location	**2011 $**	**2010 $**	**2011 $**	**2010 $**	**2011 $**	**2010 $**
Australia	6,100	1,800	989,346	834,519	2,272	29,875

19 Cash Flow Information

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

	Consolidated	
	2011	**2010**
	$	**$**
Loss for the year	**(203,176)**	(1,287,837)
Non-cash flows in profit		
- Depreciation	**12,844**	13,247
- Fair value adjustment CBio	**(381,320)**	245,507
- Costs settled by way of share-based payment	**-**	50,000
- CBio interest converted to shares	**-**	(22,356)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade and term receivables	**(208,999)**	52,366
- (Increase)/decrease in prepayments	**1,538**	-
- (Increase)/decrease in inventories	**5,306**	(21,544)
- (Increase)/decrease in other assets	**-**	-
- Increase/(decrease) in trade payables and accruals	**87,936**	(77,985)
- Increase/(decrease) in provisions	**1,402**	2,663
	(684,469)	(1,045,939)

20 Share-based Payments

Remuneration Options

The following share-based payment remuneration arrangements existed at 30 June 2011:

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 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 (2010: nil).

For details of options issued to key management personnel, refer to Note 5 - Key Management Personnel.

20 Share-based Payments continued

A summary of the movements of all Company options issued is as follows:

	Number		Weighted Average Exercised Price
Options outstanding as at 30 June 2009	48,525,000	$	0.07
Exercised	(5,500,000)	$	(0.03)
Expired	(10,025,000)	$	(0.02)
Options outstanding as at 30 June 2010	33,000,000	$	0.05
Options exercisable as at 30 June 2010:	33,000,000	$	0.05
Exercised	-		-
Expired	-		-
Options outstanding as at 30 June 2011	33,000,000	$	0.05

If all unlisted options are exercised in accordance with their terms of issue, 33,000,000 shares would be issued (2010: 33,000,000) and Contributed Equity would increase by $1.65m (2010:$1.65m).

There were no options exercised during the year ended 30 June 2011(2010:5,500,000). (2010: The options had and exercise prices of $0.03 each.)

The options outstanding at 30 June 2011 have an exercise price of $0.05 and a remaining contractual life of 1 year.

21 Events After the End of the Reporting Period

The financial report was authorised for issue by the board of Directors on the dated 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 2011 financial year other than the significant decline (over 50%) in the market share price of the Company's investment in CBio Limited.

22 Related Party Transactions and Balances

a) Transaction with related parties:

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

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

b) Balances with related parties:

	Consolidated	
	2011	2010
	$	$
Borrowings - Loan from a director related entity	268,700	-
	268,700	-

Director loan from Dr Michael Monsour represents an unsecured loan from MPAMM Pty Ltd, a related entity associated with Dr Monsour. The loan is repayable on demand and bears interest at 11.04% per annum (annual variable rate per Westpac Banking Corporation for business loans, plus 2%). The interest charged for the year ended 30 June 2011 amounted to $5,333 (2010: nil). The maximum amount available under the loan agreement is $400,000 so $131,300 of the facility was undrawn at 30 June 2011.

c) Transactions with Directors:

During the year accounting services were provided to the Company by Avance Chartered Accountants, a firm which director Mr Ross Mangelsdorf is a partner. Fees of $49,500 (2010 $nil) were charged for these services and were unpaid as at 30 June 2011.

23 Financial Risk Management

The group's financial instruments 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.

23 Financial Risk Management continued

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	
	2011	**2010**
	$	**$**
Financial Assets		
Cash and cash equivalents	**1,342**	419,383
Financial assets at fair value through profit or loss		
- Investment in CBio	**658,169**	276,849
Trade and other receivables	**270,695**	61,731
Total Financial Assets	**930,206**	757,963
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables	**91,837**	10,782
Loan from a director related entity	**268,700**	-
Other payables	**8,423**	-
Total Financial Liabilities	**368,960**	10,782

(a) 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 2011.

(b) Liquidity risk

Liquidity risk arises from the possibility that the consolidated group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated group manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;

23 Financial Risk Management continued

(b) Liquidity risk continued

- maintaining a reputable credit risk profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the consolidated group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial asset and liability maturity analysis

	Within 1 Year		**1 to 5 Years**		**Over 5 Years**		**Total Contractual Cash Flow**	
Consolidated	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment								
Loan from Director related entity	**268,700**	-	-	-	-	-	**268,700**	-
Trade and other payables (excluding estimated annual leave)	**91,837**	10,782	-	-	-	-	**91,837**	10,782
Total expected outflows	**360,537**	10,782	-	-	-	-	**360,537**	10,782
Financial assets – cash flows realisable								
Cash and cash equivalents	**1,342**	419,383	-	-	-	-	**1,342**	419,383
Trade and other receivables	**270,695**	61,731	-	-	-	-	**270,695**	61,731

Held for trading	**658,169**	276,849	-	-	-	-	**658,169**	276,849
Total anticipated inflows	**930,206**	757,963	-	-	-	-	**930,206**	757,963
Net (outflow) inflow on financial instruments	**569,669**	747,181	-	-	-	-	**569,669**	747,181

23 Financial Risk Management continued

(c) Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying value. Except for the company's investment in CBio shares, 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.

(d) Interest Rate Risk - managed

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 Company 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 variable rate debt.

At 30 June 2011 the provision line of credit provided by M.P.A.M.M. Pty Ltd (as per the agreement dated 1 July 2010) for an advance up to a maximum sum of $400,000 is subject to the annual variable rate per Westpac Banking Corporation for business loans, plus 2%. As at the 30 June 2011 this line of credit was drawn to $268,700. The balance of the group's debt as at 30 June 2011 was variable rate debt.

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

Sensitivity Analysis

The following table illustrates sensitivities to the consolidated group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonable possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	2011	**2010**
	$	**$**
Change in profit		
-Increase in interest rate by 2%	**(5,347)**	**8,378**
-Decrease in interest rate by 2%	**5,347**	**(8,378)**
Change in equity		
-Increase in interest rate by 2%	**(5,347)**	**8,378**
-Decrease in interest rate by 2%	**5,347**	**(8,378)**

24 Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	Parent	
	2011	**2010**
	$	**$**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	**311,008**	526,893
TOTAL ASSETS	**989,346**	834,483
LIABILITIES		
Current liabilities	**441,149**	85,516
TOTAL LIABILITIES	**449,334**	91,295
EQUITY		
Issued capital	**80,959,107**	80,959,107
Reserves	**2,630,508**	2,630,508
Accumulated losses	**(83,049,603)**	(82,846,427)
TOTAL EQUITY	**540,012**	743,188
STATEMENT OF COMPREHENSIVE INCOME		
Loss for the year	**(203,176)**	(1,287,829)
Total comprehensive income	**(203,176)**	(1,287,829)

Guarantees

Analytica Limited has not entered into any guarantees in the current or the previous financial year in respect of debts of its subsidiaries.

Contingent Liabilities

At balance date the estimate of the potential financial effect of contingent liabilities that may become payable is nil.

Contractual Commitments

As at the balance date, the Company has unfinalised contracts for the manufacture of Naltrexone implant pellets used 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 with the National Health and 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 2012.

25 Reserves

(a) Option Reserve

The option reserve records items recognised as expenses on payment of employee share-based consideration.

	Consolidated	
	2011	**2010**
	$	**$**
Option reserve		
Opening balance	**2,630,508**	2,630,508
Movement	**-**	-
Closing balance	**2,630,508**	2,630,508

Analytica Limited

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 58, and the remuneration disclosures that are contained in the Remuneration Report 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 financial position as at 30 June 2011 and of the performance for the year then ended on that date of the company and consolidated group;

2. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1;

3. 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 accounting standards; and
   c) the financial statements and notes for the financial year give a true and fair view.

4. Subject to the reference to Going Concern in Note 1(b), 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

Director ....
Dr Michael Monsour

Dated this 22nd day of September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYTICA LIMITED

We have audited the accompanying 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 2011 and the statement of comprehensive income, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard *AASB 101: Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes complies with IFRS.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Analytica Limited on **19 September 2011**, would be in the same terms if given to the directors as at the time of this auditor's report.

Analytica Limited

Independent Audit Report to the members of Analytica Limited

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANALYTICA LIMITED (Continued)

Auditor's Opinion
In our opinion:

a. the financial report of Analytica Limited and 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 2011 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(b) "Going Concern", the company's continuing operations are dependent on achieving adequate capital raising and, as a consequence, there is a 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 7 to 10 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion the Remuneration Report for Analytica Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

Bentleys | Martin Power

BENTLEYS BRISBANE PARTNERSHIP
CHARTERED ACCOUNTANTS

PM POWER
PARTNER

Dated in Brisbane on this 27th day of September 2011

Analytica Limited

Additional Information for Listed Public Companies

The following information is provided in accordance with ASX Listing Rule 4.10.

1. **Shareholding Information** (current as at 21 September 2011)

a. **Substantial Shareholders**

The current substantial shareholders of the Company and the number of securities to which they have a relevant interest are detailed below:

Name	Number of Ordinary Shares	% of Issued Capital
Warren Stephen Brooks and Brooks Investments Pty Ltd <B & P Super Fund A/C>	22,223,484	5.04%

b. **Distribution of Shareholders**

Category (size of holding)	Ordinary Shares		Unlisted Options	
	Number of Holders	Units Held	Number of Holders	Units Held
1 - 1,000	810	395,661	-	-
1,001 - 5,000	249	677,532	-	-
5,001 - 10,000	150	1,318,770	-	-
10,001 - 100,000	783	36,147,183		-
100,001 - and over	575	372,565,036	4	33,000,000
Total	**2,567**	**411,104,182**	**4**	**33,000,000**

c. **Less than marketable parcels**

The number of shareholders holding less than a marketable parcel of 22,728 ordinary shares (based on the share price of $0.022 on 21/09/11) is 1,431 and they hold 6,143,703 ordinary shares.

d. **Voting Rights**

Each ordinary share is entitled to one vote per share without restriction.

e. **20 Largest Shareholders - Ordinary Shares**

Name	Number of Ordinary Shares Held	% of Issued Capital
IGNATIUS LIP PTY LTD <IGNATIUS LIP P/L S/FUND A/C>	17,613,690	4.28
W BROOKS INVESTMENTS PTY LTD <B & P SUPER FUND A/C>	16,706,819	4.06
ANNE MONSOUR	11,669,277	2.84
M P MONSOUR MEDICAL PRACTICE PTY LTD <SUPERANNUATION FUND A/C>	7,691,790	1.87
BASILDENE PTY LTD <WARREN BROWN SUPER FUND A/C>	5,725,000	1.39
MR WARREN STEPHEN BROOKS	5,516,665	1.34
MPAMM PTY LTD	5,400,972	1.31
MRS SALLY DIANA YEATES	4,360,849	1.06
JAYEM PTY LTD	4,181,819	1.02
MRS MARGUERITE MARY GALLAGHER <M GALLAGHER FAMILY A/C>	4,000,000	0.97
SABINA LIP	3,853,658	0.94
BH HAAGSMA	3,825,596	0.93
MR VICTOR PEREIRA	3,681,823	0.9
RG & MA BAKER	3,551,430	0.86

Name	Number of Ordinary Shares Held	% of Issued Capital
SIRIUS PROPERTY GROUP PTY LTD <G & P SERVICES A/C>	3,462,335	0.84
PELLA COMINO <PELAGIA FAMILY FUND A/C>	3,011,937	0.73
MR BRIAN ANTHONY GALLAGHER + MRS MARGUERITE MARY GALLAGHER <SUPERANNUATION FUND A/C>	3,000,037	0.73
TAMBIEN PTY LTD <MANGELSDORF SUPER FUND A/C>	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	**115,957,579**	**28.21**

f. **Voluntary Escrow**

There are no Analytica securities under voluntary escrow.

g. **Share Buy-Backs**

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

2. The name of the Company Secretary is Ms Jennie Yuen.

3. The address of the Company's registered office in Australia is:

C/- Company Matters Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

The Company's principal place of business is:

Level 1, 85 Brandl Street
Brisbane Technology Park
Eight Mile Plains QLD 4113
Telephone (07) 3278 1950

4. The Company's registers of securities are held at the following address:

(Share Registry)
Link Market Services Limited 324 Queen Street, Brisbane QLD 4000.

5. **Stock Exchange Listing**

All the ordinary shares of the Company are quoted on the Australian Securities Exchange (ASX) under the share code "ALT".