APPENDIX 4D
HALF YEAR RESULTS

LBT Innovations Ltd
ACN 107 670 673

Interim Financial Report

For the half-year ended 31 December 2013

(Previous corresponding period being the half-year ended 31 December 2012)

The information contained in this Interim Financial Report should be read in conjunction with the 2013 Annual Report

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2013 $	December 2012 $	Change $	Change %
Revenue from ordinary activities	2,370,352	450,760	1,919,592	425.86%
Profit / (Loss) from ordinary activities after tax attributable to members	(865,960)	(916,469)	50,509	5.51%
Net Profit / (Loss) after tax attributable to members	(865,960)	(916,469)	50,509	5.51%

Brief explanation of the figures above

LBT Innovations Ltd established a subsidiary LBT Innovations (UK) Limited on 18 July 2013. The half-year accounts have been consolidated to include this entity.

Revenue for the six months to 31 December 2013 increased by 426%. The increase was largely attributable to two milestone payments from Clever Culture Systems (JV company) according to the joint venture agreement between LBT innovations Ltd and Hettich AG Switzerland.

Royalty revenue remained in line with minimum royalty arrangements in place with bioMérieux.

The loss for the company after tax decreased from the previous corresponding half year period from $916k to an after tax loss of $866k.

Research and development expenditure increased from $559k for the corresponding half year to $2,065k for the half year ended 31 December 2013 in line with this year's focus of completing APAS products.

Dividends
It is not proposed to pay a dividend.

Net Tangible Assets per security
The net tangible assets per LBT Innovations Ltd share was 1.85 cents as at 31 December 2013, compared with 0.41 cents per share as at 31 December 2012.

Control Gained or lost over entities

Name of entity	Not applicable
Date Acquired	
Date of loss of control	
Contribution of entity to the Reported loss for the year	

Dividends	Not applicable

Dividend or distribution reinvestment scheme	Not applicable

Details of associates and joint venture entities
LBT Innovations established a wholly owned subsidiary incorporated in the United Kingdom (LBT Innovations (UK) Limited) on 18 July 2013.

LBT Innovations has a 50% interest in a joint venture with Hettich AG Switzerland. The interest in the joint venture is held through a wholly owned subsidiary incorporated in the United Kingdom, LBT Innovations (UK) Limited. The purpose of the joint venture is to finalise the development of LBT's APAS technology.

The accounts for the half year ended 31 December 2013 are not subject to audit dispute or qualification.

DIRECTORS REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2013.

Directors

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

Robert Andrew Finder
Lusia Halina Guthrie
Catherine Mary Costello
Stephen Paul Mathwin
Caroline Popper

Company Secretary

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

Jamie Todd Dreckow – Chartered Accountant

Principal Activities

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

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

Operating Results

The loss of the company for the half-year ended 31 December 2013 after tax was $0.866 million (2012 loss of $ 0.916 million).

Dividends Paid or Recommended

The board will consider payment of dividends depending on future performance of the company. No dividend will be paid at this point.

Review of Operations

Background

LBT Innovations (LBT) is an Australian developer of clinical and diagnostic technology. Based in Adelaide, South Australia, LBT was formed in 2004 and listed on the Australian Securities exchange in 2006.

LBT has an agreement with French diagnostics company bioMérieux to manufacture and market LBT's MicroStreak® technology for the automated streaking of culture plates in routine microbiology testing (now sold as Previ® Isola). LBT receives ongoing royalty payments from the sale of disposable applicators. PREVI Isola has been installed in clinical laboratories in the US, Australia, China, Japan, Korea, the Middle East, and multiple European countries.

LBT has a second breakthrough technology nearing market: APAS® (Automated Plate Assessment System). Based on LBT's innovative intelligent image interpretation platform, APAS specifically addresses the automated imaging, analysis and interpretation of culture plates following incubation. In June 2013, LBT entered into a Joint Venture with Hettich AG Switzerland to drive the commercial development and global distribution of APAS laboratory instruments and software products.

Developments in First Half FY14

Key objectives and activities for LBT during 2013/14 are to:

- Manage the company's ongoing relationship with bioMérieux to consolidate PREVI Isola as the leading global automated plate streaker;
- Fully establish and develop the JV company with partner Hettich AG Switzerland;
- Manage the JV Company to the end of Calendar Year 2014;
- Secure distribution partner(s) for APAS;
- Manage LBT's development partners to develop APAS instruments;
- Perform clinical studies and clinical trials;
- Implement projects under the ARC Linkage grant to develop further applications of LBT's computer vision platform to grow LBT's product pipeline;
- Investigate new technology in new fields to diversify LBT's future technology and product pipeline.

The financial year commenced on a positive note with the announcement on 25 June that LBT Innovations had signed a landmark agreement with European laboratory instrumentation company Hettich AG Switzerland to establish a joint venture to drive the commercial development and global distribution of LBT's APAS technology. Under the agreement the two companies hold 50:50 ownership in the JV Company, which has now been incorporated in Zurich and is called Clever Culture Systems AG Switzerland.

In July, LBT received the $2million signing fee from Hettich AG Switzerland per the JV agreement. Also in July, the company established a subsidiary in the UK (LBT Innovations (UK)).

LBT's VP Global Business Development, Peter Bradley, was appointed the inaugural General Manager of Clever Culture Systems. Mr Bradley's key focus has been to secure a global distribution partner for APAS instruments, which are being developed in collaboration with Hettich AG Switzerland and LBT Innovations.

LBT has been completing the commercial development of APAS and has been in discussions with the US Food and Drug Administration (FDA) regarding the requirements for our regulatory submission for pre-market approval in the US.

Several key personnel appointments were made. Michael Summerford joined LBT as Senior Microbiologist to support APAS development and clinical testing. Ian Reilly was appointed APAS Program Director and Geoff Thomas was appointed APAS Software Program Manager.

bioMérieux reported challenging market conditions in some key markets and experienced a set-back last year with delayed implementation of their Full Microbiology Laboratory Automation strategy (FMLA) which impacted sales of PREVI Isola equipment. The French company is hopeful, however of more buoyancy in 2014 and continued increasing sales of PREVI Isola applicators. Applicator sales in the last quarter of 2013 were 133% higher than for the same period the previous year.

In July 2013 LBT Innovations and the University of Adelaide's Australian Centre for Visual Technologies (ACVT) were jointly awarded an Australian Research Council Linkage Project grant of $510,000. The funds are being used to develop follow-on products for LBT's computer vision technology APAS (Automated Plate Assessment System).

Future Developments, Prospects and Business Strategies

The key aim for the next six months is to complete the commercial development of APAS core technology ready for the clinical trials necessary for European and US regulatory approvals.

The company will be working with Hettich engineers to integrate APAS with laboratory instruments that are currently under development by Hettich.

Clever Culture Systems is hoping to successfully complete its negotiations with a potential global distribution partner for APAS.

LBT has created a solid technology platform encompassing computer vision / analytics through to interpretation and is working towards identifying the next technology development project. The company is evaluating potential additional applications to meet market needs in the global healthcare arena. Opportunities have not been restricted to laboratory automation, however LBT is still targeting the healthcare arena.

While microbiology laboratory automation has been the prime area of opportunity with positive long term growth drivers, the computer vision / analytic technology now creates additional areas of opportunity for LBT Innovations.

Financial Position

The net assets of the company have decreased by $0.72 million from 30 June 2013 to $12.1 million at 31 December 2013. This decrease reflects the company's continued investment in the APAS™ technology.

The company's cash position as at 31 December 2013 was $2.1 million compared to $0.9 million on hand at 30 June 2013. Cash includes the receipt of the joint venture signing fee, receipt of two milestone payments from the joint venture, R & D tax concession refund following completion of the 2013 tax return and receipt of LBT's minimum royalty entitlement for calendar year 2013 from bioMérieux.

Significant Changes in the State of Affairs

No significant changes have occurred.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2013.

Rounding of Amounts

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

This report is signed in accordance with a resolution of the Board of Directors.

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Director	Chairman
LUSIA HALINA GUTHRIE	ROBERT ANDREW FINDER

Dated this 20th day of February 2014

HLB Mann Judd

Chartered Accountants

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF LBT INNOVATIONS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there has been:

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Corey McGowan
Partner

Adelaide, 20 February 2014

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	NOTE	31/12/13 $000	31/12/12 $000
Revenue	2(a)	2,370	451
Consulting fees	2(b)	(332)	(111)
Employee benefits expense	2(c)	(691)	(556)
Depreciation and amortisation expense		(352)	(352)
General administration expense	2 (d)	(259)	(90)
Legal		(11)	(43)
Marketing		(27)	(6)
Other expenses	2(a)	(2,370)	(772)
Profit / (Loss) before income tax		(1,672)	(1,479)
Income tax (expense)/benefit		806	563
Profit / (Loss) after income tax expense		(866)	(916)
Net Profit / (Loss) for the period		(866)	(916)
Basic earnings per share (cents per share)		(0.87)	(0.92)
Diluted earnings per share (cents per share)		(0.87)	(0.92)

(To be read with the accompanying notes)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	NOTE	31/12/13 $000	31/12/12 $000
Net Profit / (Loss) for the period		(866)	(916)
Other comprehensive income for the year, net of tax	7 (b)	120	0
Total comprehensive income / (loss) for the year		(746)	(916)

(To be read with the accompanying notes)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	NOTE	31/12/13 $000	30/6/13 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,080	876
Trade and other receivables		1,410	2,281
Current Tax Asset		1,012	827
TOTAL CURRENT ASSETS		4,502	3,984
NON-CURRENT ASSETS			
Plant & equipment		47	13
Investments accounted for using the equity method		1,579	1,539
Deferred tax asset		2,272	2,582
Intangible assets	4	10,291	10,639
TOTAL NON-CURRENT ASSETS		14,189	14,773
TOTAL ASSETS		18,691	18,757
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,287	468
Financial liabilities	5	141	141
TOTAL CURRENT LIABILITIES		1,428	609
NON CURRENT LIABILITIES			
Deferred tax liabilities		3,090	3,195
Financial liabilities	5	1,973	2,043
Provisions		72	60
TOTAL NON CURRENT LIABILITIES		5,135	5,298
TOTAL LIABILITIES		6,563	5,907
NET ASSETS		12,128	12,850
EQUITY			
Issued Capital	6	11,313	11,297
Reserves	7	919	791
Retained Earnings (Accumulated Losses)		(104)	762
TOTAL EQUITY		12,128	12,850

(To be read with the accompanying notes)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Issued Capital $'000	Foreign Currency Translation Reserve $'000	Option Reserve $'000	Retained Earnings / (Accumulated Losses) $'000	Total $'000
Balance at 1 July 2012		11,299	0	782	231	12,312
Loss attributable to members		0	0	2	(916)	(914)
Balance at 31 December 2012		11,299	0	784	(685)	11,398
Balance at 1 July 2013		11,297	0	791	762	12,850
Loss attributable to members		0	0	8	(866)	(858)
Shares issued during the period	6	16	0	0	0	16
Other comprehensive income	7(b)	0	120	0	0	120
Balance at 31 December 2013		11,313	120	799	(104)	12,128

(To be read with the accompanying notes)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	NOTE	31/12/13 $000	31/12/12 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Joint venture signing fee		2,000	0
Milestone payments (Joint Venture Agreement)		1,000	0
Royalty receipts		322	578
Royalty payments		(36)	(22)
Payments to suppliers and employees		(1,471)	(1,042)
Research and development		(1,462)	(344)
Interest received		24	72
Research and development tax concession		827	256
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		1,204	(502)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Plant and Equipment		(37)	(5)
NET CASH (USED IN) INVESTING ACTIVITIES		(37)	(5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued during the period		16	0
NET CASH (USED IN) FINANCING ACTIVITIES		16	0
NET INCREASE/(DECREASE) IN CASH HELD		1,183	(507)
Cash at beginning of period		876	2,932
Exchange rate adjustments		21	(3)
CASH AT END OF PERIOD		2,080	2,422

(To be read with the accompanying notes)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by LBT Innovations Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

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

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The condensed interim financial report was approved by the Board of Directors on 19 February 2014.

The accounting policies applied by the company in this condensed interim financial report are the same as those applied by the company in its financial report for the year ended 30 June 2013 and the corresponding interim reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

2 PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE

(a) The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	31/12/13 $000	31/12/12 $000
Revenue comprises:		
Milestone payment	2,000	0
Interest revenue	32	57
Royalty revenue	327	284
Grant revenue	70	113
Investment in joint venture (loss) / gain	(81)	0
Foreign exchange gain / (loss)	22	(3)
Total Revenue	2,370	451
Other expenses comprises:		
Audit fees	(10)	(14)
Patent fees	(4)	(1)
Research and development	(2,065)	(559)
ARC linkage grant	(79)	0
Travel and accommodation	(102)	(78)
Other expenses	(110)	(120)
Total Other Expenses	(2,370)	(772)

(b) Consulting fees include fees paid to assist with the application for government grants, international market research and scientific consulting.	(332)	(111)
(c) Employee benefits expense includes directors fees payable in accordance with the resolution passed at the company's annual general meeting of shareholders and salaries and wages, including executive bonuses.	(691)	(556)
(d) General administration expenses comprises:		
Regulatory and Quality Assurance	(154)	(9)
Other general administration expenses	(105)	(81)
Total General Administration Expenses	(259)	(90)

3 SEGMENT INFORMATION

The company has one business segment, being a developer of clinical and diagnostic technology.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31/12/13 $000	30/06/13 $000
4 INTANGIBLE ASSETS		
MicroStreak® Option Fee at Cost	51	51
Less: Accumulated Amortisation	(32)	(30)
	19	21
MicroStreak® Licence Fee at Cost	120	120
Less: Accumulated Amortisation	(72)	(68)
	48	52
Patent fees at Cost	247	247
Less: Accumulated Amortisation	(86)	(79)
	161	168
MicroStreak® Development Cost	11,959	11,959
Less: Accumulated Amortisation	(1,896)	(1,561)
	10,063	10,398
TOTAL INTANGIBLE ASSETS	10,291	10,639
5 FINANCIAL LIABILITIES		
CURRENT		
Deferred Revenue	141	141
NON-CURRENT		
Deferred Revenue	1,973	2,043

(To be read with the accompanying notes)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

6 ISSUED CAPITAL

	No. of Shares	$000
Opening Balance 1 July 2013	99,374,861	11,297
Options exercised	400,000	16
Balance 31 December 2013	99,774,861	11,313

7 RESERVES

		31/12/13 $000	30/06/13 $000
Option reserve of valuation of share options	7(a)	799	791
Foreign currency translation reserve	7(b)	120	0
		919	791

(a) The option reserve records items recognised on valuation of share based payments.

(b) The foreign currency translation reserve records net exchange movements on translation of LBT Innovations Ltd's foreign subsidiary LBT Innovations (UK) Limited.

8 DIVIDENDS

There have been no dividends declared or paid during the period of this report.

9 CAPITAL AND OTHER COMMITMENTS

Acquisition of Invention and Technology – MicroStreak ®.

SA Pathology (formally Medvet Science Pty Ltd)
Licence fees, milestone payments and royalties payable under a Technology Licence agreement entered into 1 December 2004

LBT Innovations Ltd has entered into contracts for the development of APAS with a number of suppliers. At balance date the company had remaining commitments of $992,157 in relation to those contracts.
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LBT Innovations Ltd, we state that:

In the opinion of the directors:

1. The financial statements and notes set out on pages 9 to 17 are in accordance with the Corporations Act 2001, including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   b. giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

ROBERT ANDREW FINDER
Chairman

LUSIA HALINA GUTHRIE
Director

Dated this 20th day of February 2014

(To be read with the accompanying notes)

HLB Mann Judd

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LBT Innovations Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of LBT Innovations Ltd, which comprises the condensed statement of financial position as at 31 December 2013, the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of LBT Innovations Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of LBT Innovations Ltd is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Matters relating to the electronic presentation of the reviewed half-year financial report

This Review Report relates to the half-year financial report of the company for the half-year ended 31 December 2013 published in the concise financial report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this web site. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a web site they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this web site version of the half-year financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Corey McGowan
Partner

Adelaide, 20 February 2014

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