

APPENDIX 4D
HALF YEAR RESULTS

LBT Innovations Ltd
ACN 107 670 673

Interim Financial Report

For the half-year ended 31 December 2015

(Previous corresponding period being the half-year ended 31 December 2014)

The information contained in this Interim Financial Report should be read in conjunction with the 2015 Annual Report

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2015 \$'000s	December 2014 \$'000s	Change \$'000s	Change %
Revenue from ordinary activities	4,268	1,585	2,683	169.27%
Profit / (Loss) from ordinary activities after tax attributable to members	2,046	511	1,535	300.39%
Total comprehensive income / (loss)	2,025	547	1,478	270.20%

Brief explanation of the figures above;

Revenue

Revenue for the half-year ended 31 December 2015 increased by 169%. Revenue of \$4.3 million comprised:

- \$4.3 million net income from the bioMérieux's licence fee agreement
- Clever Culture Systems consulting income of \$69,000
- BioSA Grant income of \$34,000
- Less foreign exchange loss and royalty adjustment (\$295,000)

Profit after tax

The profit of the Company after tax was \$2.1 million.

The Company received \$7.9m cash relating to a new licence agreement with bioMérieux of which \$3.6 million of the licence fee income has been deferred and will be recognised as income over the life of the agreement. Other research costs not capitalised during 2015 totalled \$0.2 million.

Income tax expense includes a credit of \$0.5 million in respect of the expected 2016 R&D tax offset.

Dividends

It is not proposed to pay a dividend.

Net Tangible Assets per security

The net tangible assets per LBT Innovations Ltd share was 6.57 cents as at 31 December 2015, compared with 2.94 cents per share as at 31 December 2014.

Control Gained or lost over entities

The Company has transferred its interest in Clever Culture Systems AG to LBT Innovations Ltd, and has dissolved LBT Innovations (UK) Ltd in November 2015.

Dividend or distribution reinvestment scheme

Not applicable

Details of associates and joint venture entities

LBT Innovations has a 50% interest in a joint venture with Hettich AG Switzerland. The JV company is CCS Switzerland AG incorporated in Switzerland. The purpose of the joint venture is to finalise commercial product development of LBT's APAS® technology and ultimately commercialise the technology most likely through global distribution partners.

Audited Financial Statements

The accounts for the half year ended 31 December 2015 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 2015.

Directors

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

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

Company Secretary and Chief Financial Officer

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

Daniel Hill – 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 profit of the Company for the half-year ended 31 December 2015 after tax was \$2.1 million (2014 profit of \$0.5 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

Developments for First Half FY16

The 6-month period to 31 December 2015 saw LBT strengthening its product portfolio, intellectual property and financial position. Key achievements during that period are as follows;

- Completed the USA and Australian clinical trials required for FDA 510(k) *de novo* submission, with results exceeding expectations. The USA trial was conducted at TriCore Reference Laboratories, New Mexico USA. The Australian trials were conducted at Healthscope Pathology, Clayton VIC and SydPath - St Vincent's Hospital Sydney.
- The 510(k) *de novo* submission was filed with US Food and Drug Authority (FDA) on 22 December 2015 for the APAS technology.
- Successful negotiation with bioMérieux regarding PREVI® Isola (the brand name for LBT's MicroStreak® technology), recovering full product rights and manufacturing know-how coupled with a receipt of US\$5.5 million (A\$7.9 million). bioMérieux retains a non-exclusive license to allow it to continue to service its installed base of PREVI Isola machines.
- Woundvue® though still in its very early stages of development has also progressed. Proof-of-principle research was completed and an international market research study was undertaken with end-user customers to validate the proposed product deliverables.
- A notice of allowance for the APAS core software was issued in October 2015, strengthening the Intellectual property around the technology. A total of 4 patents have been filed around APAS technologies, with 2 now approved and the remaining 2 still in process at present.

The upfront payment received as part of the non-exclusive license deal with bioMérieux strengthened LBT's cash position at the December Half Year-end with \$6.67 million in the bank compared to \$1.82 million at June 30th 2015. This one-off upfront payment also drove the increase in profitability for the 6 month period of \$2.05 million up 300% on the same period last year.

The other significant issue of the half year was the announcement that Co-Founder and Chief Executive Officer, Lusia Guthrie, will retire in calendar year 2016 for health reasons. The Board is actively recruiting a replacement at present and will inform the market when the new CEO is appointed.

During the 6-month period several new employees joined LBT linked to the move toward commercialisation of APAS through the JV Company and for Woundvue with initial staffing required its early development phase.

Future Developments and Prospects

LBT's 510(k) *de novo* submission to the FDA has capped an excellent year in the progression of APAS from a candidate device to a clinically demonstrated technology. The FDA approval is the next key milestone toward commercialisation clearing this important regulatory hurdle. US FDA regulatory approval not only opens up the US market but is also a respected benchmark to other regulators and just as importantly key global marketing companies in the Microbiology market sector.

Meanwhile, in Europe, development of the APAS Independence® machine remains on track. It is planned that the first demonstration machine will be ready in time for the first of the year's major microbiology conferences – the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID 2016), which is being held in Amsterdam in April 2016

A marketing study for MicroStreak was completed with the results being a guide to the best way forward to relaunch MicroStreak.

LBT INNOVATIONS LTD
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Calendar year 2016 is also gearing up to be a significant year for LBT's third proposed product, Woundvue, as it emerges from conceptual research to practical early-stage development.

Medium-term LBT's primary goal is optimising the commercialisation of APAS with first sales through Clever Culture Systems AG possible in early 2017, thereby potentially moving LBT into generating ongoing recurring revenue - a key to long-term sustainability and improved returns for shareholders.

About LBT Innovations

LBT Innovations Limited (ASX: LBT) is an entrepreneurial Australian innovation company, developing automated diagnostic solutions for global healthcare markets. Based in Adelaide, South Australia, LBT was formed in 2004 and listed on the Australian Securities Exchange in July 2006. The Company's focus is to:

- Address inefficient processes and practices in pathology laboratories to enable results to be reported sooner and to allow doctors to treat patients faster;
- Design novel automated products using breakthrough technologies, such as LBT's proprietary Intelligent Imaging Platform;
- Commercialise these products preferably in partnership with internationally recognised diagnostics companies;
- Work towards sustainable recurring revenue from the MicroStreak and APAS product portfolios, coupled with licensing income through the development and initial commercialisation phases; and
- Leverage the Intelligent Imaging Platform, with a new opportunity under development for application in the management of chronic wounds.

LBT currently has two breakthrough products in microbiology automation:

- MicroStreak, which provides automation of culture plate streaking; and
- APAS (Automated Plate Assessment System), which automates culture plate imaging, analysis, sorting and reporting.

MicroStreak was created by LBT in 2006 and launched globally in 2009 as PREVI Isola, through a licensing agreement with the French based global diagnostics company, bioMérieux. This initial agreement was converted to a non-exclusive license through a new non-exclusive agreement with bioMérieux in August 2015, which returned to LBT global rights to pursue its own development, manufacturing and commercialisation of the MicroStreak product potentially with new partners.

In 2010 LBT began the creation of an Intelligent Imaging Platform, based upon world-class computer vision technology, in conjunction with researchers and software developers at the University of Adelaide. This collaboration resulted in the development of innovative technology for the automated imaging, reading and interpretation of culture plates, known as the Automated Plate Assessment System (APAS). A 510(k) *de novo* FDA filing for APAS was lodged in December 2015 being a key milestone toward the commercialisation of APAS. Though plate imaging is emerging in the microbiology market, LBT's technology has a much higher level of innovation by being able to interpret the plate images and giving meaningful guidance to the microbiologist's assessment process creating a significant time saving to the clinical laboratory. This is considered a significant competitive advantage for APAS.

In June 2013, Clever Culture Systems AG Switzerland (CCS) was established as a 50-50 joint venture with the Zurich-based subsidiary of German instrument developer, Hettich AG Switzerland, to manufacture and commercialise products incorporating APAS. The first product for the JV is the APAS Independence being a modular stand-alone culture plate reader. Several line extension products are also under consideration, aimed at extending the competitive advantage from APAS.

Financial Position

The net assets of the Company have increased by \$2.1 million from 31 December 2014 to \$17.8 million at 31 December 2015. This increase reflects the Company's continued investment in the APAS technology.

The Company's cash position as at 31 December 2015 was \$6.7 million compared to \$1.8 million on hand at 30 June 2015. Cash includes the receipt of \$7.9 million from bioMérieux as consideration for its newly agreed non-exclusive licence of MicroStreak's technology rights and \$1.6 million receipt of the 2015 R & D tax incentive refund.

Significant Changes in the State of Affairs

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

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2015.

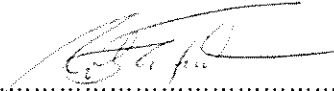
Rounding of Amounts

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.



.....
Director
LUSIA HALINA GUTHRIE



.....
Chairman
ROBERT ANDREW FINDER

Dated this 29th day of February 2016



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 2015 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**

Adelaide, 29th February 2016

**Trevor Hirth
Partner**

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

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

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LBT INNOVATIONS LTD
ACN 107 670 673

STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	NOTE	31/12/15 \$000	31/12/14 \$000
Revenue	2(a)	4,268	1,585
Share of profit / (loss) of associates & joint ventures accounted for using the equity method		(100)	(118)
Consulting fees	2(b)	(38)	(64)
Employee benefits expense	2(c)	(591)	(433)
Depreciation and amortisation expense		(400)	(368)
General administration expense	2(d)	(88)	(106)
Legal		(47)	(15)
Marketing		(71)	(45)
Finance costs		(27)	0
Other expenses	2(a)	(621)	(236)
Profit / (Loss) before income tax		2,285	200
Income tax (expense)/benefit		(239)	311
Profit / (Loss) after income tax expense		2,046	511
Profit / (Loss) for the period		2,046	511
Other comprehensive income for the half year net of tax	7(b)	(21)	36
Total comprehensive income / (loss) for the half-year		2,025	547
Basic earnings per share (cents per share)		3.54	0.45
Diluted earnings per share (cents per share)		3.54	0.45

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
ACN 107 670 673

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	NOTE	31/12/15 \$000	31/12/14 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,671	1,546
Trade and other receivables		872	1,475
Current tax asset		1,378	1,131
TOTAL CURRENT ASSETS		8,921	4,152
NON-CURRENT ASSETS			
Plant & equipment		58	76
Investments accounted for using the equity method	10	1,554	1,458
Deferred tax asset		687	1,566
Intangible assets	4	18,948	15,954
TOTAL NON-CURRENT ASSETS		21,247	19,054
TOTAL ASSETS		30,168	23,206
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,300	638
Unexpended grants		0	125
Financial liabilities	5	512	141
TOTAL CURRENT LIABILITIES		1,812	904
NON CURRENT LIABILITIES			
Deferred tax liabilities		5,573	4,736
Financial liabilities	5	4,903	1,832
Provisions		128	94
TOTAL NON CURRENT LIABILITIES		10,604	6,662
TOTAL LIABILITIES		12,416	7,566
NET ASSETS		17,752	15,640
EQUITY			
Issued capital	6	13,230	13,145
Reserves	7	1,019	848
Retained earnings / (Accumulated Losses)		3,503	1,647
TOTAL EQUITY		17,752	15,640

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Option Reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total \$'000
Balance at 1 July 2014		11,665	39	806	1,054	13,564
Elimination on deconsolidation			(39)	0	82	43
Restated opening balance 1 July 2014		<u>11,665</u>	<u>0</u>	<u>806</u>	<u>1,136</u>	<u>13,607</u>
Profit attributable to members		0	0	6	511	517
Shares issued during the period	6	1,620	0	0	0	1,620
Capital raising costs		(140)	0	0	0	(140)
Other comprehensive income	7(b)	0	36	0	0	36
Balance at 31 December 2014		<u>13,145</u>	<u>36</u>	<u>812</u>	<u>1,647</u>	<u>15,640</u>
Balance at 1 July 2015		13,187	228	812	1,457	15,684
Profit attributable to members		0	0	0	2,046	2,046
Shares issued during the period	6	45	0	0	0	45
Capital raising Costs		(2)	0	0	0	(2)
Other comprehensive income	7(b)	0	(21)	0	0	(21)
Balance at 31 December 2015		<u>13,230</u>	<u>207</u>	<u>812</u>	<u>3,503</u>	<u>17,752</u>

(To be read with the accompanying notes)

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CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	NOTE	31/12/15 \$000	31/12/14 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Licence payment		7,889	0
Royalty receipts		0	332
Royalty payments		(22)	0
Grants received		0	172
Payments to suppliers and employees		(977)	(914)
Research and development expense		(299)	(87)
Interest received		12	29
Research and development tax concession		1,618	3,014
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		8,221	2,546
CASH FLOWS FROM INVESTING ACTIVITIES			
Research and development (intangible asset)		(2,223)	(4,224)
Payment for plant and equipment		(14)	(29)
NET CASH (USED IN) INVESTING ACTIVITIES		(2,237)	(4,253)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued during the period		0	1,619
Capital raising costs during the period		(2)	(175)
Loan repaid		(1,000)	0
Interest paid		(29)	0
NET CASH (USED IN) FINANCING ACTIVITIES		(1,031)	1,444
NET INCREASE/(DECREASE) IN CASH HELD		4,953	(263)
Cash at beginning of period		1,818	1,791
Exchange rate adjustments		(100)	18
CASH AT END OF PERIOD		6,671	1,546

(To be read with the accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015 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 29 February 2016.

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 2015 and the corresponding interim reporting period.

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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:

	31/12/15 \$000	31/12/14 \$000
<i>Revenue comprises:</i>		
Licence payment	4,305	0
Milestone payment	0	1,000
Apps lab service income	0	76
Interest revenue	45	31
Royalty revenue	(195)	355
Grant revenue	144	105
Foreign exchange gain / (loss)	(100)	18
Consulting income	69	0
Total revenue	4,268	1,585
<i>Other expenses comprises:</i>		
Audit fees	(16)	(13)
Patent fees	(1)	(8)
Research and development	(183)	(79)
Travel and accommodation	(98)	(42)
Royalty expenses	(246)	(25)
Other expenses	(77)	(69)
Total other expenses	(621)	(236)
(b) Consulting fees include fees paid to assist with the application for government grants and capital raising.	(38)	(64)
(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, however, excluding the proportion capitalised in the balance sheet	(591)	(433)
(d) <i>General administration expenses comprises:</i>		
Regulatory and Quality Assurance	0	0
Other general administration expenses	(88)	(106)
Total general administration expenses	(88)	(106)

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2 PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE Cont.

- (e) Share of profit / loss of associates and joint ventures accounted for using the equity method was partially included within the revenue and other expenses line items in the financial statements for the half-year ended 31 December 2014. This is shown as a separate line item in this financial report. The marketing and other expenses line items have also been amended for a small placement error.

RESTATED STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Original Value 31/12/14 \$000	Adjustment \$000	Restated Value 31/12/14 \$000
Revenue	1,602	(17)	1,585
Share of profit / (loss) of associates & joint ventures accounted for using the equity method	0	(118)	(118)
Marketing	(12)	(33)	(45)
Other expenses	(404)	168	(236)
Profit / (Loss) before income tax	200	0	200
Income tax (expense)/benefit	311	0	311
Profit / (Loss) after income tax expense	511	0	511
Other comprehensive income for the half year net of tax	36	0	36
Total comprehensive income / (loss) for the half-year	547	0	547
Basic earnings per share (cents per share)	(0.45)	0	(0.45)

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

3 RESTATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

An amendment has been made to the placement of certain R & D cash flows between operating and investing activities for the half-year ended 31 December 2014.

	Original Value 31/12/14 \$000	Adjustment \$000	Restated Value 31/12/14 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees	(561)	(353)	(914)
Research and development expense	0	(87)	(87)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	2,986	(440)	2,546
CASH FLOWS FROM INVESTING ACTIVITIES			
Research and development (intangible asset)	(4,664)	440	(4,224)
NET CASH (USED IN) INVESTING ACTIVITIES	(4,693)	440	(4,253)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH (USED IN) FINANCING ACTIVITIES	1,444	0	1,444
NET INCREASE/(DECREASE) IN CASH HELD	(263)	0	(263)
Cash at beginning of period	1,791	0	1,791
Exchange rate adjustments	18	0	18
CASH AT END OF PERIOD	1,546	0	1,546

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

3 SEGMENT INFORMATION

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

	31/12/15 \$000	31/12/14 \$000
4 INTANGIBLE ASSETS		
MicroStreak Option Fee at Cost	51	51
Less: Accumulated Amortisation	(39)	(36)
	12	15
MicroStreak Licence Fee at Cost	120	120
Less: Accumulated Amortisation	(88)	(80)
	32	40
Patent fees at Cost	247	247
Less: Accumulated Amortisation	(110)	(98)
	137	149
MicroStreak Development Cost	11,959	11,959
Less: Accumulated Amortisation	(3,239)	(2,567)
	8,720	9,392
APAS Development Costs	10,109	6,361
Less: Accumulated Amortisation	(62)	(3)
	10,047	6,358
TOTAL INTANGIBLE ASSETS	18,948	15,954

(To be read with the accompanying notes)

LBT INNOVATIONS LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31/12/15 \$000	31/12/14 \$000
5 FINANCIAL LIABILITIES		
CURRENT		
Deferred Revenue	512	141
NON-CURRENT		
Deferred Revenue	4,903	1,832

The Company entered into an "Early Termination Mutual Agreement" with bioMérieux on the 26th of August 2015, for \$7.9 million (USD \$5.5 million) as consideration for a non-exclusive licence of the MicroStreak technology. The Company has recognised \$4.32 million of this consideration as revenue in the current accounting period and has recorded the remaining \$3.58 million as deferred revenue in the view that it represents the licence fee income for a royalty free licence period over 10 years.

The Company is currently reviewing the accounting treatment to be adopted. In the board's opinion, there are significant liabilities against this income and they are seeking further advice as to the timing of revenue recognition.

If the Company's pending advice precludes the deferral of income, the \$3.58 million, shown as deferred income, will need to be recognised as revenue rather than deferred income along with any increased income tax expense.

6 ISSUED CAPITAL	No. of Shares	\$'000
Opening balance 1 July 2015	114,723,367	13,187
Share issue in lieu of services received	264,706	45
Capital raising costs	0	(2)
Balance 31 December 2015	114,988,073	13,230

	31/12/15 \$000	31/12/14 \$000
7 RESERVES		
Option reserve of valuation of share options	812	812
Foreign currency translation reserve	207	36
	1,019	848

(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 investment in Clever Culture Systems (JV company).

(To be read with the accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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.

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

Office lease

The Company has leased level 1, 300 Flinders Street, Adelaide for a period of 3 years from 1 August 2014 at a minimum rental of \$90,000 pa increased annually by CPI, plus outgoings.

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of the date of signing of this financial report, the audit of Clever Culture Systems AG for the year ended 31 December 2015 is not yet complete. Therefore the Investments accounted for using the JV method is unaudited.

LBT Innovations Ltd has a 50% interest in the company.

(To be read with the accompanying notes)

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 8 to 18 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 2015 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 29th day of February 2016

(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 2015, 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 2015 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.

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INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Emphasis of Matter

1. Revenue Recognition

We draw attention to Note 5 to the financial statements, Financial Liabilities with regard to the timing of revenue recognition of the license fee income.

2. Clever Culture Systems AG Switzerland

We draw attention to Note 10 to the financial statements Investments Accounted for using the equity method of \$1.554 million. At the time of this report on the half year review, the audit of the joint venture entity Clever Culture Systems AG Switzerland is not complete. Therefore the Investments accounted for using the equity method in the balance sheet of \$1.554 million is unaudited and hence has not been reviewed.

Our conclusion is not modified in respect of these matters.

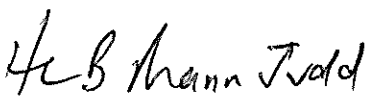
Conclusion

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:

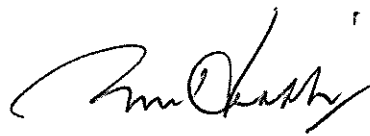
- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

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 2015 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
Chartered Accountants

Adelaide, 29th February 2016


Trevor Hirth
Partner