

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 29th August 2013

YEAR END RESULTS- MATERIAL VARIANCES

In accordance with Listing Rule 3.1, the Company wishes to advise of the following material variances to its year end results to June 2013 compared to that of the corresponding period last year.

The Company is expecting an improved loss position for the year ending to June 2013 (approx loss of \$3.06 million) in comparison to last year (loss of \$4.66 million).

The major items affecting the financial results (based on internal management accounts) for the year to June 2013 are:

Revenue

Revenue for the year has increased by **23.88%** to **\$5,833,739** as compared to the revenue of \$4,709,106 last year. The increase in revenue is a result of:

- Overall increase in Sales by 17.42% or \$749,432 compared to last year (\$4,301,143).
- R&D Tax Credits of \$770,710 received during the year as compared to receipt of \$343,426 last year.

Loss Position

The Company's has recorded a loss of \$1,621,095 from its operating activities for the year, an improvement of **58.48% or \$2,283,311** compared to last year (\$3,904,406).

The improved loss position is due to cost savings from the restructuring measures that have been put in place from June'12 Quarter.

Further, after recognising impairment loss of \$1,439,045 on its intangible assets (Goodwill) as at 30 June 2013, the Company's consolidated loss position for the year has improved by **34.33%** or **\$1,599,520** compared to a loss of \$4,659,660 last year.

The decrease in the Consolidated Net Loss is attributable to

- improved loss position from its operating activities as explained above,
- there were no impairments required on the company's financial assets for the year, compared to recognised Impairment loss of \$672,007 last year.

PAT VOLPE
Chairman