

**Appendix 4E**  
**Preliminary Final Report**  
**Twelve months ending 30 June 2010**

**Fluorotechnics Limited**

ABN 27 099 098 192

**Date: 31 August 2010**

**Results for announcement to the market**

<b>Financial Results</b>	<b>June 2010</b> \$	<b>June 2009</b> \$	<b>Change</b> \$
Revenue from Ordinary Activities	3,486,211	3,246,954	+239,257
% Change			+7%
(Loss) from ordinary activities after tax attributable to members	(4,470,266)	(5,600,721)	+1,130,455
% Change			+20%
Net profit (loss) for the year attributable to members	(4,470,266)	(5,600,721)	+1,130,455
% Change			+20%

<b>Dividends</b>	<b>Amount per Ordinary Security</b>	<b>Franked amount per Security</b>
2009 interim dividend	Nil	Nil
2010 interim dividend	Nil	Nil

Record date for determining entitlements to the 2010 interim dividend	N/A
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<b>Net Tangible Asset Backing</b>	<b>June 2010</b>	<b>June 2009</b>
Net tangible asset backing per ordinary security	\$0.029	\$0.049

**Audit**

The information contained in the Appendix 4E is based on accounts which are in the process of being audited. The remainder of the information is required to be disclosed to comply with Listing Rule 4.3A is contained in the attached financial statements.

## **Review of Operations**

### **Overview**

Revenue of the company for the 2010 financial year was \$3.5 million (2009: \$3.2 million) and the loss for the year was \$4.5 million (2009: \$5.6 million).

Operationally, the 2010 financial year was one of mixed outcomes for the company.

Receiving endorsements from some of the world's leading scientists for our High Performance FlatTop tower (HPE Tower) was significant and provides a credible source of reference for our sales people when talking to prospective customers.

However the current economic environment in our major markets of Europe and North America has meant that our product sales have been far slower than initially expected.

The people and infrastructure were already in place for growth. However, the slower rate of tower sales has placed considerable pressure on the cash resources of the company and the overall gross margin being achieved on sales. Consequently, steps have been taken to reduce costs across many areas of the operations.

In addition, we are exploring several options including a capital raising and discussions with other similar bioscience companies that together with Fluorotechnics Limited, would provide much needed scale and access to resources.

### **Achievements**

During the year, Fluorotechnics launched the HPE Tower system at the world-leading proteomics conference held by HUPO (Human Proteome Organisation) in Canada in late September 2009 and it created substantial interest among many opinion-leading life scientists due to its superior performance and ease of use.

Phase I of our sales strategy involving the conversion of opinion-leading scientists in key markets to adopt our HPE Tower system has progressed reasonably satisfactorily in Europe although second-tier uptake has been slow. A typical statement of endorsement is as follows:

"The results with the HPE System are astonishing" Professor Hellman Ludwig  
Institute for Cancer Research - Germany

Phase II of the sales strategy involves selling the HPE Tower and associated consumables to a wider group of scientists using the endorsements received from opinion leaders. However, it is fair to say that, this phase is moving more slowly than we had initially anticipated. Feedback from potential customers emphasises the fact that they are continuing to have funding constraints directly related to the Global Financial Crisis (GFC).

We believe that with time and extra resources, we should be able to achieve significant sales volumes for the HPE Tower and the associated consumables that our customers must use on the Tower. This view is borne out by the superiority of our HPE Tower System compared to other systems in the market, the size of the potential market and the outstanding sales leads our sales people are pursuing.

In addition, the company has a number of exciting and attractive products in the developmental pipeline that are scheduled for launch in the 2011 financial year if we have sufficient cash resources to fund the working capital.

### **Basis of Preparation**

It is recommended that this preliminary final report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Fluorotechnics Limited and its controlled entities during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

This preliminary final report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2009.

This preliminary final report does not include full disclosures of the type normally included in an annual financial report.

<b>Consolidated Statement of Comprehensive Income - Continuing operations</b>		For the year ended 30 June 2010 \$	For the year ended 30 June 2009 \$
1.1	Revenues		
	Revenue from sales or services	3,305,022	3,179,338
	Cost of Sales	2,818,342	2,341,686
	Gross Profit Margin	486,680	837,652
	Other revenue	181,189	67,616
	Marketing	(1,890,836)	(1,609,772)
	General & administration	(2,197,269)	(2,343,402)
	Research & development	(899,726)	(1,116,062)
	Finance cost expenses	(31,869)	-
	Impairment loss	(164,903)	(1,513,424)
	Total Expenses	(5,184,603)	(6,582,660)
<b>1.2</b>	<b>Profit/(Loss) before income tax</b>	(4,516,734)	(5,677,392)
1.3	Income tax	46,468	76,671
<b>1.4</b>	<b>Profit/(Loss) after tax from continuing operations</b>	(4,470,266)	(5,600,721)
<b>1.5</b>	<b>Net profit/(loss) for the period</b>	(4,470,266)	(5,600,721)
<b>1.6</b>	<b>Net profit/(loss) attributable to members of parent</b>	(4,470,266)	(5,600,721)
<b>1.7</b>	<b>Other comprehensive income/(expense)</b>	-	-
	Exchange translation difference	(65,875)	(244,923)
	<b>Other comprehensive income from continuing operations for the period</b>	-	-
<b>1.8</b>	<b>Total comprehensive income/(expense) for the period</b>	(4,536,141)	(5,845,644)

#### Consolidated retained profits

		For the year ended 30 June 2010 \$	For the year ended 30 June 2009 \$
1.9	Accumulated losses at the beginning of the financial period	(11,004,577)	(5,403,856)
1.10	Net profit/(loss) attributable to members ( <i>item 1.5</i> )	(4,470,266)	(5,600,721)
1.11	<b>Accumulated losses at end of financial period</b>	(15,474,843)	(11,004,577)

<b>Statement of Financial Position</b>		As at 30 June 2010 \$	As at 30 June 2009 \$
<b>Current assets</b>			
2.1	Cash and cash equivalents	899,639	698,270
2.2	Trade and other receivables	721,371	686,146
2.3	Inventories	1,432,193	964,303
2.4	Other current assets	159,884	39,411
<b>2.5</b>	<b>Total current assets</b>	<b>3,213,087</b>	<b>2,388,130</b>
<b>Non-current assets</b>			
2.6	Property, plant and equipment	239,350	257,155
2.7	Intangible assets	2,278,366	2,416,000
2.8	Other assets	104,067	118,427
<b>2.9</b>	<b>Total non-current assets</b>	<b>2,621,783</b>	<b>2,791,582</b>
<b>2.10</b>	<b>Total assets</b>	<b>5,834,870</b>	<b>5,179,712</b>
<b>Current liabilities</b>			
2.11	Trade & other payables	1,447,712	1,210,031
2.12	Borrowings	366,145	-
2.13	Short term employee entitlements	244,089	237,329
<b>2.14</b>	<b>Total current liabilities</b>	<b>2,057,946</b>	<b>1,447,360</b>
<b>Non-current liabilities</b>			
2.15	Long term employee entitlements	109,560	49,328
<b>2.16</b>	<b>Total non-current liabilities</b>	<b>109,560</b>	<b>49,328</b>
<b>2.17</b>	<b>Total liabilities</b>	<b>2,167,506</b>	<b>1,496,688</b>
<b>2.18</b>	<b>Net assets</b>	<b>3,667,364</b>	<b>3,683,024</b>
<b>Equity</b>			
2.19	Issued capital	18,591,605	13,972,439
2.20	Reserves	550,602	715,162
2.21	Retained losses	(15,474,843)	(11,004,577)
<b>2.22</b>	<b>Total Equity</b>	<b>3,667,364</b>	<b>3,683,024</b>

## Consolidated Cash Flow Statement

	As at 30 June 2010 \$	As at 30 June 2009 \$	
	<b>Cash flows from operating activities</b>		
3.1	Receipts from customers	3,414,525	3,326,854
3.2	Payments to suppliers and employees	(8,180,742)	(7,786,948)
3.3	Government grants	169,789	-
3.4	Interest received	5,330	66,733
3.5	Finance costs	76,671	179,194
<b>3.6</b>	<b>Net cash flows (used in)/from operating activities</b>	<b>(4,514,427)</b>	<b>(4,214,167)</b>
	<b>Cash flows from investing activities</b>		
3.7	Payment for purchases of property, plant and equipment	(8,324)	(166,748)
3.8	Payment for purchases of other non-current assets	(245,046)	(25,771)
3.9	Proceeds from sale of property, plant and equipment	-	-
3.10	Proceeds from held-to-maturity investment	-	-
3.11	Payment for Investment in wholly owned subsidiary	-	(2,734,437)
<b>3.12</b>	<b>Net cash flows used in investing activities</b>	<b>(253,370)</b>	<b>(2,926,956)</b>
	<b>Cash flows from financing activities</b>		
3.13	Proceeds from issues of securities	4,668,964	9,180,509
3.14	Share issue costs	(49,798)	(1,683,634)
3.15	Proceeds from borrowings	350,000	-
3.16	Repayment of borrowings	-	-
<b>3.17</b>	<b>Net cash flows from financing activities</b>	<b>4,969,166</b>	<b>7,496,875</b>
<b>3.18</b>	<b>Net increase/(decrease) in cash held</b>	<b>201,369</b>	<b>355,752</b>
3.19	Cash at beginning of period	698,270	342,518
<b>3.20</b>	<b>Cash and cash equivalents at end of period</b> <i>(see Reconciliation of cash)</i>	<b>899,639</b>	<b>698,270</b>

## Consolidated Statement of Changes in Equity

	Issued Capital \$	Foreign currency translation Reserve \$	Share options Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 30 June 2009</b>	<b>13,972,439</b>	<b>(244,923)</b>	<b>960,085</b>	<b>(11,004,577)</b>	<b>3,683,024</b>
<b>Movement</b>					
Profit (loss) for the period	-	-	-	(4,470,266)	(4,470,266)
Currency translation difference	-	(65,877)	-	-	(65,877)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(65,877)</b>	<b>-</b>	<b>(4,470,266)</b>	<b>(4,536,143)</b>
Issue of share capital	4,668,964	-	-	-	4,668,964
Share based payments	-	-	78,317	-	78,317
Transaction costs on share issue	(49,798)	-	-	-	(49,798)
Revaluation of investment	-	-	(177,000)	-	(177,000)
<b>Balance 30 June 2010</b>	<b>18,591,605</b>	<b>(310,800)</b>	<b>861,402</b>	<b>(15,474,843)</b>	<b>3,667,364</b>

## Reconciliation of cash

Reconciliation of cash at end of the period (a shown in the consolidated statement of cash flows) to the related items in the accounts is as follow.

	30 June 2010 \$	30 June 2009 \$
5.1 Cash on hand and at bank	899,639	698,270
<b>5.2 Total cash at end of period (item 3.20)</b>	<b>899,639</b>	<b>698,270</b>

<b>Earnings per security (EPS)</b>	30 June 2010	30 June 2009
7.1 Basic profit/(losses) per share	(13.6)	(25.5)
7.2 Weighted Average number of ordinary shares used as the denominator in calculating basic earnings per share	32,942,176	21,972,372
7.3 Diluted profit/(losses) per share	<b>(12.4)</b>	<b>(22.3)</b>

**NTA backing**

8.1 Net tangible asset backing per ordinary security

	30 June 2010	30 June 2009
	\$0.029	\$0.049

**Issued and quoted securities at end of the current period**

9.1

**Ordinary issued securities**

Date	Details	Number of Shares	\$
1 July 2009	Opening balance	25,909,638	13,972,439
	Share issue under share placement/offer	<b>21,235,136</b>	<b>4,668,964</b>
30 June 2010	Closing Balance	47,147,774	18,641,403
	Less - transaction costs arising on share issues		(49,798)
30 June 2010	Closing Balance	47,147,774	18,591,605

**Segment Reporting**

10.

30 June 2010	USA \$	Europe \$	Asia Pacific \$	Corporate & Shared Services \$	Consolidated \$
Revenue from sales or services	1,880,060	1,181,842	243,120	-	3,305,022
Revenue from outside the operating activities:	4,303	146,312	30,574	-	181,189
Total segment revenue	1,884,363	1,328,154	273,694	-	3,486,211
Profit/(Loss) from ordinary activities after income tax expense	(555,528)	(1,396,539)	(209,257)	(2,308,942)	(4,470,266)
Depreciation and amortisation expense included above	4,064	19,981	18,399	-	42,444
Segment assets	3,846,151	1,412,604	576,115	-	5,834,870
Segment liabilities	581,522	627,895	958,089	-	2,167,506

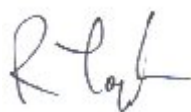
### **Matters Subsequent To The End Of The Financial Year**

Since 30 June 2010 there have been no matters subsequent to year end other than as highlighted in the Review of Operations above.

### **Compliance statement**

1. The report has been prepared in accordance with the Corporation Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards, include Australian equivalents to International Financial Reporting Standards "AIFRS". Compliance with AIFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards "IFRS".
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts that are in the process of being audited. Details of any qualifications will follow immediately they are available.
5. The entity has a formally constituted Audit Committee.

Signed:



Name: Rick Taylor  
Chairman

Date: 31 August 2010