ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

Magnetica Limited
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Eagle Farm QLD 4009
Tel: (07) 3188 5445

Magnetica Limited & Controlled Entities

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CORPORATE INFORMATION

DIRECTORS
Howard Stack
Philip Dubois
Charles Ho
Justin Schaffer

SECRETARY
Stephen Denaro

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William Buck
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307 Queen Street
Brisbane QLD 4000

LEGAL ADVISERS
Hemming & Hart
Level 2
307 Queen Street
Brisbane QLD 4000

BANKERS
National Australia Bank
255 George Street
Sydney NSW 2000

SHARE REGISTRY
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Brisbane QLD 4000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Units 3 & 4
55 Links Avenue
Eagle Farm QLD 4009
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REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Overview

Magnetica has completed a successful financial year with significant milestones achieved with MRI technology and progress made with partners to commercialise the Magnetica technology.

A prototype 3T magnet and its RF and gradient coil sub-system using Magnetica's patented asymmetric proprietary design approach has been successfully designed, manufactured and tested and is ready for commercialisation.

Magnetica has now successfully applied for a Federal Commercialisation Australia grant to fund commercialisation of the new 3T magnet system including the development of a small prototype/early run manufacturing facility in Brisbane to produce pilot and early production gradient and RF coils. This facility has been set up and has commenced operations.

Magnetica's share of the total project commercialisation cost is estimated to be A$2.2 million over eighteen months. The Federal Commericalisation Australia ("CA") grant to support the commercialisation is for $1.13 million, but must be matched by Magnetica.

Magnetica now intends to proceed with a capital raising A$1.0M to facilitate matching funding for the Grant along with additional working capital which is planned to ensure that the company is cash flow positive at the conclusion of the project and no longer requiring ongoing shareholder funding. The capital raising will be partially underwritten by major shareholders

Magnetica has the rights to commercialise its new 3T magnet and has entered into a Development Agreement with AllTech Medical Systems LLC ("AllTech") to achieve this. Under this agreement AllTech will incorporate the new Magnetica designed 3T magnet and its associated gradient and RF coils into a new 3T orthopaedic MRI system which Alltech will market world-wide. The Company also has the option to take up sales and distribution of the MRI scanner in Australasia.

AllTech commenced business in 2005, with R&D and sales located in the US and a manufacturing facility based in Chengdu in China. Its vision is to enter the global MRI market with initial emphasis on the rapidly growing Chinese MRI market.

AllTech has achieved its early market goals. It has developed and sold over 100 1.5T whole body MRI systems into the Chinese market and are now achieving sales into Europe.

AllTech now wishes to expand its product range prior to a planned IPO and the opportunity to begin this process using Magnetica's new 3T extremity magnet was attractive to AllTech.

Magnetica's Agreement with AllTech will provide revenues to Magnetica through a profit sharing agreement on system sales which reflects the parties contributions to the project, plus a second revenue stream from the manufacture and supply of gradient and RF coils to AllTech. Magnetica will manufacture these critical components at its new facility in Brisbane.

Magnetica has also secured an option to take up sales and distribution of Alltech's new scanner in Australasia.

JASTEC royalty payments to Magnetica continued to flow from the GE/ONI Optima product throughout the FY12/13 year with GE forecast sales providing encouraging signs on a continuing steady revenue stream to the company.

Magnetica's partnership with UQ and Professor Crozier's team has enabled Magnetica to forge its collaborations with Jastec and now AllTech, and Magnetica is confident that with the establishment of its independent facility additional products and revenue flows will follow.

Magnetica's planned evolution from a MRI R&D design and prototyping company to include ISO certified quality production of MRI components is well underway. Along with Professor Crozier's and Magnetica's teams already strong reputation in the MRI industry, the expansion of capabilities has attracted industry interest for third party production and supply of RF Coils.

The company has recently quoted, designed and supplied RF coils to and received revenue from supply of the equipment to the reputable industry institutions. The company is confident of developing a modest revenue stream from 3rd party supply of components, while working within its means and staying focused on collaboration with high quality MRI systems integrators such as AllTech.

Thank you for your continued support.

Howard Stack
Chairman

Brisbane, 22nd October 2013

[1] http://www.alltechms.com/news&events/China-made-1.5T-MRI-Successfully-Sold-to-EU.html

DIRECTORS' REPORT

Your directors present their report for the year ended 30 June 2013.

DIRECTORS

The following persons were directors of Magnetica Limited during the financial year and up to the date of this report:

Howard Stack
Philip Dubois
Charles Ho
Justin Schaffer
Andrew Davis (resigned 16 July 2013)

Howard Stack
BA LLB
(Non-Executive Chairman, Member of Audit & Risk Committee)

Mr Stack is a leading professional corporate director with significant experience in high growth corporations.

He previously has served amongst others as a Director of Eastern Corporation Limited (2006 to July 2007; Chairman March-July 2007), Australian National Industries (1987-1997) and Data #3 Limited (Chairman from 1997 until September 2000); as Chairman of Southern Cross Pumps and Irrigation (1996-1997); Voxson Limited as Chairman (1999-2003); and Waratah Coal Inc (2009). He presently serves as Chairman of Redflow Limited.

Mr Stack had a long and highly successful career as a partner in the Brisbane based commercial law firm Feez Ruthning from 1969, and was its Managing Partner from 1992 until its merger with Allen Allen and Hemsley in 1996. He retired from Allens in 2001.

In the community he has been Chairman of Brisbane Grammar School Board of Trustees since 1991, and served as a Director of Queensland Events Corporation (1996-1998).

Dr Philip Dubois
MBBS FRCR FRACR FAICD (Radiologist)
(Non-Executive Director, Member of Audit & Risk Committee)

Dr Dubois is the Chairman and CEO of Queensland X-Ray and is a Director of Sonic Healthcare Ltd. He is the Chairman of the Sonic Imaging Executive and is a member of their Risk Management Committee. He is a neuro-radiologist and nuclear imaging specialist having spent ten years in academic radiology in the United States. He is the author of over fifty scientific publications and has been an invited speaker at many national and international conferences in the field of diagnostic radiology.

Dr Dubois is currently an Associate Professor of Radiology at the University of Queensland Medical School. He has represented his profession on numerous government and craft group committees. He is currently a Vice-President of the Australian Diagnostic Imaging Association (ADIA), a Councillor and the National Radiology Craft Group Representative of the Australian Medical Association (AMA).

Dr Charles P Ho
MD PhD (Radiologist)
(Non-Executive Director)

Dr Ho is Co-Medical Director of National Orthopaedic Imaging Associates (NOIA) with imaging centres located in California, Washington and Colorado. He has served as Regional Medical Advisor to the USA/VISA Decathlon Team and currently serves on the Medical Advisory Board of the Steadman Hawkins Sports Medicine Foundation. He and the other NOIA doctors are radiologic consultants to a number of high-profile sports organisations, including the San Francisco 49ers, San Francisco Giants, US Ski Team, Cleveland Indians and the Denver Broncos.

Dr Ho has published over 150 Articles, many of them relating to the application of MRI and has previously worked with MRI systems developers assisting them in specification and proto-type testing.

He is a resident of the United States, a graduate of MIT with a BS and MS in Electrical Engineering from MIT. He has a Ph D in electrical engineering and an MD from Stanford University, and underwent his radiology training at University of California, San Diego.

Justin Schaffer
BA(Econ) MBA (Tulane, USA)
(Non-Executive Director)

Justin Schaffer joined the Magnetica Board as a Non-Executive Director in July 2008.

Mr Schaffer has a great depth of business experience internationally, as a Chairman, Executive Director and CEO of numerous large organisations. He is also very familiar with technology start-ups and has founded and run a number of successful high-tech companies.

Early in his career, as a shareholder and CEO he built Duropenta Plastics to become the largest plastics manufacturer in South Africa, with 500 employees and 12,000 tons per annum production. He sold this business to AECI Ltd, a listed public company associated with ICI plc. He remained as CEO under contract and set up a Joint Venture with French and Israeli partners to establish a Drip Irrigation business in Spain and the U.S.A.

At the request of AECI Chairman, Harry Oppenheimer, who was also Chairman of DeBeers & Anglo American Corp., Mr Schaffer became CEO of South African Nylon Spinners Ltd. Within three years this company had been turned around to be the largest producer of nylon and polyester yarns, fibres and PET polymer in the southern hemisphere and one of the most profitable synthetic fibre businesses in the world. The workforce was reduced from 5,000 to 3,500. Investments were made in new Japanese-sourced technology to develop export markets for specialised technologically difficult niche products (e.g. tyre cord, conveyor belt, parachute cord and PET polymer for bottles).

Later in his career Mr Schaffer ran and re-structured the Frame Group, reducing the workforce from 25,000 to 18,000 in two years and restoring profitability.

In 1993 Justin and four partners started a new venture, Tracker Network Ltd, a stolen vehicle recovery business using technology from LoJack Corp., USA, a NASDAQ-listed company. Justin and the four partners served as founding, operating Directors. This Company now employs 800 people with sales revenues exceeding A$500million p.a. After establishment, the founding partners sold 50% of Tracker to a subsidiary of the Rembrandt Group in South Africa, installed professional management and continued to serve as non-executive directors.

Mr Schaffer lives on the Gold Coast and uses his wealth of knowledge and experience to invest and act as Non-Executive Director in a number of high-tech start up companies in South East Queensland.

COMPANY SECRETARY

Stephen Denaro CA
BA, Grad Dip (Corporate Governance), CA, MAICD

Stephen has extensive experience in mergers and acquisitions, business valuations, accountancy services, and income tax compliance gained from positions as Company Secretary and Chief Financial Officer of various public companies, and with major chartered accountancy firms in Australia and the United Kingdom. He provides Company Secretarial services for a number of start up technology companies.

Stephen has a Bachelor of Business in Accountancy, Graduate Diploma in Applied Corporate Governance, and is a member of the Institute of Chartered Accountants in Australia, and the Australian Institute of Company Directors.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Magnetica Limited are shown in the table below:

Director	Ordinary Shares	Unlisted options
Howard Stack	1,000,000	-
Philip Dubois	453,125	-
Charles Ho	333,305	-
Justin Schaffer	5,000,000	-

SHARE OPTIONS

Unissued shares

As at the date of this report (and at the end of the reporting period) there were 3,000,000 unissued ordinary shares under options as detailed in Note 14 to the financial statements.

Shares issued as a result of the exercise of options

During the year ended 30 June 2013, and up to the date of this report, no shares were issued as a result of the exercise of an option over unissued shares. However it is the Company's intention to implement a Staff Share Option scheme in the near future.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with the leave of the Court under section 237 of the Corporations Act 2001.

CORPORATE INFORMATION

Corporate structure

Magnetica Limited is a company limited by shares which is incorporated and domiciled in Australia. Magnetica Limited has prepared a consolidated financial report which consolidates its wholly owned subsidiaries NMR Holdings No. 1 Pty Limited and NMR Holdings No. 2 Pty Limited.

Nature of operations and principal activities

The principal activities of the Company during the financial year were in design, development and commercialisation of superconducting magnets and magnet systems aimed at niche and emerging global human magnetic resonance imaging (MRI) markets.

Employees

As at 30 June 2013, the Company employed 3 full-time employees (excluding the Directors and the Company Secretary). The Company also engages external consultants, particularly for research and development work, as required. The most important of these are from The University of Queensland's Biomedical Engineering Group.

REVIEW OF FINANCIAL CONDITION

Capital structure

During the period to 30 June 2013 no new shares were issued.

Treasury policy

The Company does not have a formally established treasury function. The Board is responsible for managing the Company's currency risks and finance facilities. The Company does not currently undertake hedging of any kind.

OPERATING RESULTS

For the year ended 30 June 2013, the loss from ordinary activities for the consolidated entity after providing for income tax was $34,007 (2012: $382,779).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Group and the expected results of those operations in subsequent financial years have been discussed under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the Company's operations in subsequent financial years other than information which the Directors believe comment on or disclosure of, would prejudice the interests of the Group.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Magnetica hosted a two day meeting with the Chinese MRI Systems integrator and developer, AllTech. The meetings with the AllTech executive team covered technical and commercial progress of the development agreement for a 3T extremity product.

A draft Supply Agreement outlining terms for Magnetica to supply components to AllTech was developed. Further refinement of the terms are required, with both parties committing to execute as soon as possible.

Magnetica was successful in a recent tender to supply a $94 000 RF Coil to a research project.

The company intends to undertake a capital raising of $1million by the end of the calendar year.

ENVIRONMENTAL REGULATIONS

The consolidated entity is not subject to any significant environmental regulation under a law of the Commonwealth or Queensland State governments.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnities to those Directors and Secretary.

The Company has not indemnified its auditor.

No insurance premiums have been paid, during or since the end of the financial year for any person who is or has been a director or officer of the Company.

DIRECTORS' MEETINGS

The number of meetings of directors held during the period and the number of meetings attended by each director are as follows:

	Board meetings		Audit & risk management committee		Remuneration and Nomination committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Howard Stack	1	1	1	1	-	-
Justin Schaffer	1	1	n/a	n/a	n/a	n/a
Philip Dubois	1	1	1	1	-	-
Charles Ho	1	1	n/a	n/a	n/a	n/a
Andrew Davis	1	1	1	1	-	-

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 10 of the Annual Report.

Signed at Brisbane this 22nd day of October 2013 in accordance with a resolution of the directors.

Howard Stack
Chairman

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF MAGNETICA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (Qld)
ABN 11 603 627 400

J A Latif
A Member of the Firm

Brisbane, 22nd day of October, 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNETICA LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising Magnetica Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

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 gives a true and fair view and 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 the financial statements comply with International Financial Reporting Standards.

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.

Auditor's Opinion
In our opinion:

William Buck

a) the financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor's report relates to the financial report of Magnetica Limited and controlled entities for the year ended 30 June 2013 included on Magnetica Limited's web site. The company's directors are responsible for the integrity of Magnetica Limited's web site. We have not been engaged to report on the integrity of the Magnetica Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck (Qld)
ABN 11 603 627 400

J A Latif
A Member of the Firm

Brisbane, 22nd day of October, 2013

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 39 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

2. 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; and

3. in the directors' opinion, the financial statements and notes to the financial statements are prepared in compliance with International Financial Reporting Standards as made by the International Accounting Standards Board.

Signed at Brisbane this 22nd day of October 2013 in accordance with a resolution of the directors.

Howard Stack
Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	930,294	577,455
Finance costs		-	-
Expenses	3	(964,301)	(960,234)
Loss before income tax		(34,007)	(382,779)
Income tax expense	4	-	-
Loss attributable to members of Magnetica Limited		(34,007)	(382,779)
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the members of Magnetica Limited		(34,007)	(382,779)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	20	393,119	73,029
Trade and other receivables	5	-	8,747
Other current assets	6	44,687	31,842
TOTAL CURRENT ASSETS		**437,806**	**113,618**
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,560	-
Intangible assets	9	320,679	199,980
TOTAL NON-CURRENT ASSETS		**341,239**	**199,980**
TOTAL ASSETS		**779,045**	**313,598**
CURRENT LIABILITIES			
Trade and other payables	10	446,752	444,275
TOTAL CURRENT LIABILITIES		**446,752**	**444,275**
NON-CURRENT LIABILITIES			
Loans from related parties	18	1,471,983	978,983
Long term provisions	11	30,669	26,692
TOTAL NON-CURRENT LIABILITIES		**1,502,652**	**1,005,675**
TOTAL LIABILITIES		**1,949,404**	**1,449,950**
NET LIABILITIES		**(1,170,359)**	**(1,136,352)**
EQUITY			
Issued capital	12	52,435,396	52,435,396
Reserves	13	281,000	281,000
Accumulated losses		(53,886,755)	(53,852,748)
TOTAL EQUITY		**(1,170,359)**	**(1,136,352)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

For the year ended 30 June 2013

Consolidated	Share capital	Reserves	Accumulated losses	Total equity
	Ordinary	Share option reserve		
	$	$	$	$
Balance at 30 June 2011	52,435,396	281,000	(53,469,969)	(753,573)
Total comprehensive income for the year	-	-	(382,779)	(382,779)
Balance at 30 June 2012	52,435,396	281,000	(53,852,748)	(1,136,352)
Total comprehensive income for the year	-	-	(34,007)	(34,007)
Balance at 30 June 2013	52,435,396	281,000	(53,886,755)	(1,170,359)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Inflows (Outflows)	
	2013 $	2012 $
Cash flows from operating activities		
Receipts from customers and grants	1,025,345	640,872
Payments to suppliers and employees	(1,041,293)	(910,139)
Interest received	2,783	4,342
Net cash used in operating activities (Note 21)	**(13,165)**	**(264,925)**
Cash flows from investing activities		
Payments for property, plant and equipment	(21,005)	-
Payment for development costs	(138,740)	(110,000)
Net cash used in investing activities	**(159,745)**	**(110,000)**
Cash flows from financing activities		
Proceeds from related party loans	493,000	284,000
Net cash provided by financing activities	**493,000**	**284,000**
Net increase (decrease) in cash and cash equivalents held	320,090	(90,925)
Cash and cash equivalents at the beginning of the financial year	73,029	163,954
Cash and cash equivalents at the end of the financial year (Note 20)	**393,119**	**73,029**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements cover the consolidated entity comprising of Magnetica Limited and its controlled entities. Magnetica Limited is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements 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.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are 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.

Accounting Policies

(a) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Magnetica Limited ("parent entity") as at 30 June 2013 and the results of all controlled entities for the year then ended. Magnetica Limited and its controlled entities together are referred to in these financial statements as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

A controlled entity is an entity over which Magnetica Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Subsidiaries are consolidated from the date control is obtained and are deconsolidated from the date control is lost.

(b) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) **Going Concern**

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors are satisfied that the going concern basis is appropriate due to the following:

- The balance of funding of $25,000 available under the Queensland Government Research Industry Partnerships Program grant;
- The balance of funding of $698,023 available under the Commercialisation Australia grant;
- The company has received commitments from existing shareholders and other parties to raise $750,000 in new capital;
- Related parties have agreed not to call upon loans of $1,471,983 (included in note 18) for a period of at least twelve months from the date of signing the 30 June 2013 financials;
- Uniquest Pty Limited has agreed not to call upon trade creditors amounting to $260,706 (included in note 10) for a period of at least twelve months from the date of signing the 30 June 2013 financials;
- The directors will continue to manage operational cash flow requirements to meet existing business and associated obligations;
- The directors expect future royalty streams from the commercialisation of the company's intellectual property to produce sufficient cash inflows; and
- The continued financial support from shareholders to help meet ongoing financial obligations.

The directors consider this will provide sufficient working capital for at least the next twelve months from the date of this report.

(d) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods
Control of the goods has passed to the buyer.

Interest
Control of the right to receive the interest payment.

Royalties
Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Sale of non-current assets
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Any gain is recognised as other income and any loss as an expense.

(e) **Property, plant and equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying value 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 assets' employment and subsequent disposal. The expected net cash flows have been discounted to their net present values in determining recoverable amounts.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each item of property, plant and equipment over its useful life. Additions are depreciated from the date they are installed ready for use.

The principal rates of depreciation in use are:-

Plant and equipment	33.33%

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) **Impairment**

At the end of each reporting period, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) **Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted as at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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, or where it is associated with investments in subsidiaries, associates or interests in joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged in the statement of profit or loss and other comprehensive income except where it relates to items that may be charged directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be claimed. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the consolidated entity and its constituent member entities as applicable, will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Magnetica Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 23 December 2004. The tax consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(h) **Financial instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs where the financial instrument is not carried at fair value through the profit and loss, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) **Financial instruments (continued)**

Held-to-maturity investments

These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of profit or loss and other comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(i) **Foreign currency**

Functional and presentation currency

The functional currency of each of the members of the consolidated entity is measured using the currency of the primary economic environment in which that member entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation 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. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(j) **Employee benefits**

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the end of the reporting period at current pay rates in respect of employees' services up to that date. Where annual leave is not expected to be taken within twelve (12) months, the expected future payments are discounted using interest rates attaching, as at the end of the reporting period, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) **Employee benefits (Continued)**

Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the end of the reporting period, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Equity-settled compensation

The consolidated entity previously operated a share option arrangement with its directors. The bonus element over the exercise price of the director services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of profit or loss and other comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted which is determined using the Black Scholes Model.

(k) **Provisions**

Provisions are recognised when the consolidated entity 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.

(l) **Intangible assets**

Intellectual property

Intellectual property is recorded in the financial statements at acquisition cost less accumulated impairment losses. Intellectual property costs, having a benefit or relationship to more than one accounting period, are deferred and amortised to the statement of profit or loss and other comprehensive income using the straight line method of calculation over the period of time during which the benefits are expected to arise.

Carrying values are assessed at the end of each reporting period for impairment and any write down included in the statement of profit or loss and other comprehensive in the period determined.

Research and development

Expenditure during the research phase of the 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 over 5 years.

Patents and trademark expenditure

All patent and trademark expenditure is expensed as incurred. Patent and trademark expenditure is capitalised only when technical feasibility studies identify that the intellectual property to which they relate will deliver future economic benefits and those benefits can be measured reliably. Capitalised expenditures are then amortised over the period of their expected benefits.

(m) **Government grants**

Government grants are recognised at fair value where there is 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.

(n) **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount within short-term borrowings in current liabilities in the statement of financial position.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(o) **Leases**

Leases of fixed assets where substantially all the risks and benefits to the ownership of the asset, but not the legal ownership are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) **Comparatives**

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

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current knowledge. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There are no estimates or judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	Consolidated	
	2013 $	2012 $
2. **REVENUE**		
Royalties	157,409	148,113
Interest received	2,783	4,342
Grant income	695,102	425,000
Other income	75,000	-
	930,294	**577,455**
3. **EXPENSES**		
Consultancy	417,571	414,837
Travel	30,104	43,889
Employee benefits expense	307,405	289,310
Operating lease rentals	21,150	17,093
Depreciation	445	-
Amortisation	18,041	44,990
Other	169,585	150,115
	964,301	**960,234**

		Consolidated	
		2013 $	2012 $
4.	**INCOME TAX**		
a)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Loss before income tax expense	(34,007)	(382,779)
	Tax at the Australian tax rate of 30% (2012: 30%)	(10,202)	(114,834)
	Deferred tax assets not recognised	10,202	114,834
	Income tax expense	-	-
b)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	31,468,189	31,434,182
	Potential tax benefit @ 30% (2012: 30%)	9,440,457	9,430,255

Realisation of the potential tax benefit is dependent upon:

a) the ability of the consolidated entity to derive future assessable income of a nature and of sufficient amount to enable the benefit to be realised;

b) the ability of the consolidated entity to continue to comply with the conditions for deductibility imposed by law; and

c) an expectation that legislation will not change in a manner which would adversely affect the consolidated entity's ability to realise the benefit.

		Consolidated	
		2013 $	2012 $
5.	**TRADE AND OTHER RECEIVABLES**		
	Other debtors	-	8,747
		-	**8,747**
6.	**OTHER CURRENT ASSETS**		
	Refundable deposits	24,761	1,815
	Prepayments	19,926	30,027
		44,687	**31,842**

7 **CONTROLLED ENTITIES**

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

	Country of Incorporation	Class of Share	2013 % holding	2012 % holding
NMR Holdings No. 1 Pty Ltd	Australia	Ordinary	100%	100%
NMR Holdings No. 2 Pty Ltd	Australia	Ordinary	100%	100%

		Consolidated	
		2013	2012
		$	$
8.	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant and equipment		
	Cost	93,770	72,765
	Less: Accumulated depreciation	(73,210)	(72,765)
	Total plant and equipment	**20,560**	**-**
	Reconciliations		
	Reconciliations of the movements in carrying amounts for each class of property, plant and equipment are set out below:		
	Plant and equipment		
	Carrying amount at beginning of year	-	-
	Additions	21,005	-
	Depreciation	(445)	-
	Carrying amount at end of year	**20,560**	**-**
9.	**INTANGIBLE ASSETS**		
	Computer software		
	At cost	16,400	34,258
	Less: Accumulated amortisation	(45)	(34,258)
	Total computer software	**16,355**	**-**
	Patents		
	At cost	32,340	20,000
	Less: Accumulated impairment losses	-	-
	Total patents	**32,340**	**20,000**
	Development costs		
	Pilot magnets at cost	424,950	314,950
	Less: Accumulated amortisation	(152,966)	(134,970)
	Total development costs	**271,984**	**179,980**
	Total intangible assets	**320,679**	**199,980**
	Reconciliations		
	Carrying amount at beginning of year	199,980	134,970
	Additions	138,740	110,000
	Amortisation	(18,041)	(44,990)
	Carrying amount at end of year	**320,679**	**199,980**
10.	**TRADE AND OTHER PAYABLES**		
	Trade creditors – Uniquest Pty Limited (note 18)	260,706	260,706
	– Other	156,076	157,992
	Employee entitlements – Annual leave	29,970	25,577
		446,752	**444,275**
11.	**LONG TERM PROVISIONS**		
	Employee entitlements – Long service leave	**30,669**	**26,692**

		Parent Entity		Parent Entity	
		No. of Shares	2013 $	No. of Shares	2012 $
12.	**ISSUED CAPITAL**				
(a)	**Ordinary shares**				
	Balance 1 July	**69,713,637**	**52,435,396**	**69,713,637**	**52,435,396**
	Shares issued during the year:	-	-	-	-
	Balance 30 June	**69,713,637**	**52,435,396**	**69,713,637**	**52,435,396**
		No. of Options	2012 $	No. of Options	2012 $
(b)	**Options**				
	Balance 1 July	3,000,000	**281,000**	3,000,000	**281,000**
	Options lapsed	-	**-**	-	**-**
	Balance 30 June	**3,000,000**	**281,000**	**3,000,000**	**281,000**

Details of the share options are included in Note 14 Share-Based Payments.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. Fully paid ordinary shares have no par value and entitle each shareholder to one vote upon a poll for each share held or on a show of hands one vote per shareholder.

Capital Risk Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management 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 have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

13. RESERVES

Share Option Reserve

The reserve records items recognised as expenses on valuation of employee and director share options.

14. SHARE-BASED PAYMENTS

No options were granted or exercised during the current financial year (2012: Nil).

In 2005 options were granted as equity compensation benefits to certain directors in office at that time. The options were issued at no cost. Each of the granted options entitled the holder to subscribe for one fully paid ordinary share in the entity at various exercise prices and various option periods.

Set out below are summaries of options previously granted to directors.

14. **SHARE-BASED PAYMENTS (continued)**

Grant date	First exercise date	Last exercise date	Exercise price per share	Balance at 30 June 2013	Balance at 30 June 2012
20-May-05	Relisting date	Relisting date+3yr	$0.50	1,000,000	1,000,000
20-May-05	Relisting date+1yr	Relisting date+4yr	$0.54	1,000,000	1,000,000
20-May-05	Relisting date+2yr	Relisting date+5yr	$0.60	1,000,000	1,000,000
				3,000,000	**3,000,000**

Options outstanding at year-end	3,000,000	3,000,000
Options exercisable at year-end	-	-
Weighted average exercise price of outstanding options	$0.54	$0.54
Weighted average fair value of outstanding options	$0.09	$0.09

The options granted have been valued using the Black-Scholes option pricing model applying the following assumptions: -

- Risk free interest rate 5.37%
- Expected share price volatility 78.00%
- Underlying share price $0.40
- Expiry date see last exercise date above.

15. **CONTINGENT LIABILITIES**

The directors are not aware of any material contingent liability that the consolidated entity may be exposed to.

	Consolidated	
	2013	2012
	$	$
16. **COMMITMENTS**		
Operating lease commitments		
Future operating lease rentals not provided for in the financial statements or payable:		
Not longer than one year	60,803	-
Longer than one year but not longer than five years	128,054	-
	188,857	**-**
17. **AUDITOR'S REMUNERATION**		
Remuneration of the auditors of the parent entity for:		
- auditing or reviewing the financial report	19,550	20,300
- taxation services	3,750	6,700
18. **RELATED PARTIES**		
Directors and specified executives:		
Disclosure relating to directors and key management personnel remuneration are included in note 23.		
Aggregate amounts payable to directors at the end of the reporting period:		
Long term loans: -		
- Justin Schaffer (Director)		
Opening balance	165,650	98,650
Loans advanced	184,000	67,000
Closing balance	349,650	165,650

18. RELATED PARTIES (continued)	Consolidated 2013 $	Consolidated 2012 $
- Howard Stack (Director)		
Opening balance	165,229	98,229
Loans advanced	179,000	67,000
Closing balance	344,229	165,229
The above loans are interest free and unsecured.		
Other related entities		
Aggregate amounts payable to Uniquest Pty Limited (a shareholder) at the end of the reporting period:		
- Trade and other payables		
Opening balance	260,706	260,706
Changes during the year	-	-
Closing balance	260,706	260,706
- Long term loan		
Opening balance	648,104	498,104
Loans advanced	130,000	150,000
Closing balance	778,104	648,104
The loan is interest free and unsecured.		
Aggregate amounts included in the determination of loss before income tax that resulted from transactions with Uniquest Pty Limited:		
Consultancy fees	259,500	252,000
Wholly Owned Group:		
The wholly owned group consists of Magnetica Limited and its wholly owned controlled entities.		
Information relating to the controlled entities is set out in note 7.		

19. EVENTS OCCURRING SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Magnetica hosted a two day meeting with the Chinese MRI Systems integrator and developer, AllTech. The meetings with the AllTech executive team covered technical and commercial progress of the development agreement for a 3T extremity product.

A draft Supply Agreement outlining terms for Magnetica to supply components to AllTech was developed. Further refinement of the terms are required, with both parties committing to execute as soon as possible.

Magnetica was successful in a recent tender to supply a $94 000 RF Coil to a research project.

The company intends to undertake a capital raising of $1million by the end of the calendar year.

20. RECONCILIATION OF CASH	Consolidated 2013 $	Consolidated 2012 $
For the purpose of the statement of cash flows, cash includes cash on hand and at banks and investments in the money market, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	**393,119**	**73,029**

	Consolidated	
	2013	2012
	$	$
21. RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO LOSS AFTER INCOME TAX		
Loss after income tax	(34,007)	(382,779)
Depreciation	445	-
Amortisation	18,041	44,990
Change in assets and liabilities		
(Increase) decrease in assets		
Trade debtors	8,747	6,435
Other current assets	(12,845)	(19,360)
Increase (decrease) in liabilities		
Trade creditors	(1,916)	80,312
Employee entitlements	8,370	5,477
Net cash used in operating activities	**(13,165)**	**(264,925)**

22. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payables.

The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
Interest rate risk is managed with a mixture of fixed and floating debt. Management continuously monitors the debt profile of the consolidated entity in the context of the most recent economic conditions.

Liquidity risk
The directors regularly monitor the consolidated entity's cash position and on an ongoing basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available to meet the consolidated entity's business objectives.

Credit risk
The consolidated entity did not have material credit risk exposure to any single debtor or group of debtors at the end of the reporting period.

22. **FINANCIAL INSTRUMENTS (continued)**

b) **Financial Instruments**

i. The net fair values of other assets and liabilities approximate their carrying values.

ii. Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

2013	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest maturing in less than 1 year $	Fixed Interest maturing in 1 - 5 years $	Non-interest Bearing $	Total $
Financial assets						
Cash	2.35%	392,819	-	-	300	393,119
Receivables		-	-	-	-	-
Total financial assets		**392,819**	**-**	**-**	**300**	**393,119**
Financial liabilities						
Trade & sundry creditors		-	-	-	416,782	416,782
Total financial liabilities		**-**	**-**	**-**	**416,782**	**416,782**
2012						
Financial assets						
Cash	2.1%	72,729	-	-	300	73,029
Receivables		-	-	-	-	-
Total financial assets		**72,729**	**-**	**-**	**300**	**73,029**
Financial liabilities						
Trade & sundry creditors		-	-	-	418,698	418,698
Total financial liabilities		**-**	**-**	**-**	**418,698**	**418,698**

Interest Rate Sensitivity Analysis

At 30 June 2013 if interest rates had moved, as illustrated in the table below, with all other variables remaining constant, pre-tax profit and equity would have been affected as follows:

	Pre-tax Profit increase (decrease)		**Equity increase (decrease)**	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
+ 1%	3,928	727	3,928	727
- 1%	(3,928)	(727)	(3,928)	(727)

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Details of Directors

Howard Stack - Non-Executive Chairman
Philip Dubois - Non-Executive Director
Charles Ho - Non-Executive Director
Andrew Davis - Non-Executive Director (resigned 16 July 2013)
Justin Schaffer - Non-Executive Director

(ii) Details of Other Key Management Personnel

Nicky Milsom - General Manager (resigned 19 July 2013)
Riyu Wei - Lead Engineer

	2013	2012
	$	$
Short term employee benefit	254,997	260,177
Post-employment employee benefit	22,948	22,948
Total	277,945	283,125

During the 2006 financial year the directors resolved to stop accruing directors' fees in respect of Howard Stack, Philip Dubois, Charles Ho and Justin Schaffer. In the future the directors may take into consideration past services performed by directors when recommending future remuneration policies. As a representative of Uniquest Pty Ltd, Mr Andrew Davis was not entitled to remuneration or to participate in any executive option plans.

(b) Option Holdings of Directors and Other Key Management Personnel

There were no options over ordinary shares in the company held during the financial year by any director or other key management personnel (2012: Nil).

23. **KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

(c) Shareholdings of Directors and Other Key Management Personnel

The number of shares in the company held during the financial year by each director of Magnetica Limited and other key management personnel are set out below.

30 June 2013	Balance 1 July 2012	Granted as Remunera-tion	Options Exercised	Net Change Other	Balance 30 June 2013
Directors					
Howard Stack	1,000,000	-	-	-	1,000,000
Philip Dubois	828,125	-	-	-	828,125
Charles Ho	333,305	-	-	-	333,305
Andrew Davis	-	-	-	-	-
Justin Schaffer	5,000,000	-	-	-	5,000,000
Other Key Management Personnel					
Nicky Milsom	-	-	-	-	-
Riyu Wei	-	-	-	-	-
Total	**7,161,430**	**-**	**-**	**-**	**7,161,430**

30 June 2012	Balance 1 July 2011	Granted as Remunera-tion	Options Exercised	Net Change Other	Balance 30 June 2012
Directors					
Howard Stack	1,000,000	-	-	-	1,000,000
Philip Dubois	828,125	-	-	-	828,125
Charles Ho	333,305	-	-	-	333,305
Andrew Davis	-	-	-	-	-
Justin Schaffer	5,000,000	-	-	-	5,000,000
Other Key Management Personnel					
Nicky Milsom	-	-	-	-	-
Riyu Wei	-	-	-	-	-
Total	**7,161,430**	**-**	**-**	**-**	**7,161,430**

24. **PARENT ENTITY INFORMATION**

	2013 $	2012 $
Net loss attributable to members of Magnetica Limited	(34,007)	(382,779)
Other comprehensive income	-	-
Total comprehensive income for the year	**(34,007)**	**(382,779)**
Current assets	437,805	113,617
Total assets	**779,044**	**313,597**
Current liabilities	446,751	444,274
Total liabilities	**1,949,403**	**1,449,949**
Issued capital	52,435,396	52,435,396
Share option reserve	281,000	281,000
Accumulated losses	(53,886,755)	(53,852,748)
Total Equity	**(1,170,359)**	**(1,136,352)**

25. NEW STANDARDS AND INTERPRETATIONS 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 consolidated entity has decided not to early adopt. A discussion of those future requirements and their impact on the consolidated entity is as follows:

— *AASB 9: Financial Instruments, AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12], 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] and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8] (applicable for annual reporting periods commencing on or after 1 January 2015)*

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes also incorporate the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments. This standard is not expected to impact the consolidated entity.

  The 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; and
  - financial assets will need 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.

— *AASB 10 Consolidation (applicable for annual reporting periods commencing on or after 1 January 2013)*

  This standard supersedes AASB 127 and establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

  The Standard:
  - requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
  - defines the principle of control, and establishes control as the basis for consolidation;
  - set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
  - sets out the accounting requirements for the preparation of consolidated financial statements.

  The standard is not expected to impact the consolidated entity.

— *AASB 127 Separate Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013).*

  AASB 127 was amended as a result of the issuance of AASB 10 and now contains only the accounting requirements to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. AASB

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

127 requires investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with AASB 9 Financial Instruments.

The standard is not expected to impact the consolidated entity.

— *AASB 11 Joint Arrangements (applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard supersedes AASB 131 and under AASB 11 there are only two types of joint ventures, joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. Joint operations will be accounted for by the operator recognising:

— its assets, including its share of any assets held jointly;
— its liabilities, including its share of any liabilities incurred jointly;
— its revenue from the sale of its share of the output arising from the joint operation;
— its share of the revenue from the sale of the output by the joint operation; and
— its expenses, including its share of any expenses incurred jointly.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The option to proportionately consolidate joint ventures has been removed and accordingly, all joint ventures must be accounted for using the equity method.

The standard is not expected to impact the consolidated entity.

— *AASB 128 Investments in Associates and Joint Ventures (applicable for annual reporting periods commencing on or after 1 January 2013)*

AASB 128 was amended as a result of the issuance of AASB 10 and AASB 11 and prescribes the accounting requirements for investments in associates and the application of the equity method when accounting for investments in associates and joint ventures.

The standard is not expected to impact the consolidated entity.

— *AASB 12 Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013)*

AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it consolidates and replaces disclosure requirements contained in many existing Standards.

The standard is not expected to impact the consolidated entity.

— *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013)*

This Standard gives effect to many consequential changes arising from the issuance AASB 10 *Consolidation*, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interests in Other Entities.*

The standard is not expected to impact the consolidated entity.

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

— *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards provide a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities.

The standard is not expected to impact the consolidated entity.

— *AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] and 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards amend the accounting requirements for employee benefits and in particular pensions and other post retirement benefits. The amendments:

— Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements;
— Introduce enhanced disclosures about defined benefit plans;
— Require employee benefits not settled wholly before twelve months after the end of the annual reporting period to be captured as an 'other long term benefit' rather than 'short term benefits', and whilst presented as a current item in the statement of financial position such benefits would be measured differently under the amendments;
— Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
— Clarify miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
— Incorporate other matters submitted to the IFRS Interpretations Committee.

The standard is not expected to impact the consolidated entity.

— *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 (i.e. full IFRS):

— for-profit private sector entities that have public accountability; and
— the Australian Government and State, Territory and Local Governments.

Subject to AASB 1049, General Government Sectors of the Australian Government and State and Territory Governments would also apply Tier 1 reporting requirements.

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

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.

This Standard is not expected to impact the consolidated entity.

- *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applicable for annual reporting period commencing on or after 1 January 2013)*

  This standard provides 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. The standard is not expected to impact the consolidated entity.

- *AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054] (applicable for annual reporting periods commencing on or after 1 July 2013)*

  AASB 2011-2 establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project. The standard is not expected to impact the consolidated entity.

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (applicable for annual reporting periods commencing on or after 1 July 2013).*

  This standard removes all the individual key management personnel disclosures contained in Aus paragraphs 29.1 to 29.9.3 of AASB 124. The changes apply to each disclosing entity, or group of which a disclosing entity is the parent that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act for their first annual reporting period beginning on or after 1 July 2013. This standard is not available for early adoption, however as the consolidated entity is not a disclosing entity these changes are not expected to impact the consolidated entity.

- *AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131] (applicable for annual reporting periods commencing on or after 1 July 2013)*

  This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements, as stated above. The standard is not expected to impact the consolidated entity.

- *Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2013)*

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

This Interpretation outlines the accounting requirements in relation to surface mining operations, where entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping' and Interpretation 20 considers when and how to account separately for the associated benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). The standard is not expected to impact the consolidated entity.

— *AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141] (applicable for annual reporting periods commencing on or after 1 July 2013)*

This standard sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 13 Fair Value Measurement. It also amends reduced disclosure requirements of other Australian Accounting Standards that were amended as a consequence of the issuance of AASB 13 *Fair Value Measurement*. The standard is not expected to impact the consolidated entity.

— *AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The standard is not expected to impact the consolidated entity.

— *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014)*

This standard adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The standard is not expected to impact the consolidated entity.

— *AASB 2012-4 Amendments to Australian Accounting Standards – Government Loans [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 First-time Adoption of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards. The standard is not expected to impact the consolidated entity.

— AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] *(applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including permitting the repeat application of AASB 1 and clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements). The standard is not expected to impact the consolidated entity.

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

— AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127] *(applicable for annual reporting periods commencing on or after 1 July 2013)*

This Standard adds to or amends the Tier 2 disclosure requirements for AASB 7 Financial Instruments: Disclosures, AASB 12 Disclosure of Interests in Other Entities, AASB 101 Presentation of Financial Statements and AASB 127 Separate Financial Statements. The standard is not expected to impact the consolidated entity.

— AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039 *(applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard makes an amendment to Australian Accounting Standard AASB 1048 Interpretation of Standards arising from the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia. The standard is not expected to impact the consolidated entity.

— AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] *(applicable for annual reporting periods commencing on or after 1 January 2013)*

This standard makes amendments to a number of Australian Accounting Standards and Interpretation 12 Service Concession Arrangements. These amendments arise from the following sources:

- the issuance of International Financial Reporting Standard Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) by the International Accounting Standards Board (IASB) in June 2012. The transition guidance amendments to AASB 10 and related Standards clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments;
- the decision of the AASB in September 2012 to defer the mandatory application of AASB 10 Consolidated Financial Statements and related Standards to not-for-profit entities until annual reporting periods beginning on or after 1 January 2014 – early application by not-for-profit entities is permitted from 1 January 2013;
- editorial corrections made by the IASB to its Standards and Interpretations (IFRSs); and
- editorial corrections made by the AASB to its pronouncements.

The standard is not expected to impact the consolidated entity.

— AASB 2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4] *(applicable for annual reporting periods commencing on or after 1 July 2013)*

This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2), to ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements. The standard is not expected to impact the consolidated entity.

— AASB 1055 Budgetary Reporting and AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements *(applicable for annual reporting periods commencing on or after 1 July 2014)*

AASB 2013-1 removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in a single, topic-based, Standard AASB 1055 Budgetary Reporting. These standards are not expected to impact the consolidated entity.

— AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets *(applicable for annual reporting periods commencing on or after 1 January 2014)*

25. **NEW STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)**

This Standard amends the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The consolidated entity has not yet assessed the impact of this standard.

— AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] *(applicable for annual reporting periods commencing on or after 1 January 2014)*

This Standard makes amendments to AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The standard is not expected to impact the consolidated entity.

The consolidated entity does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.