

MINOMIC INTERNATIONAL LTD

ABN 14 124 455 081

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2011**

Corporate Information

These financial statements are of Minomic International Ltd as an individual entity (the "Company"). Unless otherwise stated, all amounts are presented in Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 1 to 5. The directors' report is not part of the financial statements.

Directors

Mr. Jim Green Executive Chairman
Mr. Raymore Millard Non-executive Director
Mr. David Burdis Non-executive Director

Company Secretary

Dr Brad Walsh

Scientific Advisory Panel

Dr Peter French (Chairman)
Prof Mark Willcox
Prof Pamela Russell AM
Associate Prof Stuart Cordwell
Associate Prof Paul Cozzi

Registered and Principal Office

Unit 7, 14 Rodborough Road
Frenchs Forest NSW 2086

Patent and Trademark Attorney

Spruson and Ferguson Lawyers
Level 35, 31 Market Street
Sydney NSW 2000

Contact Information

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Auditor

William Buck Audit (VIC) Pty Ltd
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

Lawyers

Colin Biggers & Paisley
Level 42, 2 Park Street
Sydney NSW 2000

Contents

Directors' report	1
Auditor's independence declaration	5
Annual financial statements	
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	21
Independent Auditor's report	22

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2011.

DIRECTORS

The names and details of the directors in office during the financial year and until the date of this report are as follows. Directors have been in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Currently in Office

Jim Green
Executive Chairman Mr. Green was appointed to the board on 30 September 2010. Mr Green has strong business development and commercial skills. By profession a pharmacist, he continues to be involved in the development and operation of a variety of business concerns including three medical centres as well as public relations and media, function centres and retail distribution.

Raymore Millard Mr Millard was appointed to the Board on 26 May 2010. He was also a director for the period 21 August 2009 to 6 November 2009.
Mr Millard is a consultant with extensive experience in providing strategic advice to both listed and unlisted companies in Australia and overseas. He has assisted various companies in raising seed capital and with their ultimate listing. He is similarly assisting the Company.

David Burdis Mr Burdis was appointed to the Board on 6 November 2009.
Mr Burdis is a qualified accountant and has worked in the chemical, telecommunications and financial services industries. He has held various senior/board positions for both listed and unlisted companies in Australia, the United Kingdom and Hong Kong including GFA International Limited, Swire Blanch Limited and OAMPS Limited. During his career he has been regularly involved in acquisitions, divestitures and restructuring. Mr Burdis is the controlling shareholder of Qualita Management Pty Limited, a company providing outsourced management services.

Retired or resigned during the financial year

Dr Peter Smith Dr Smith was appointed to the Board on 20 March 2010 and retired 21 December 2010.

Dr Saliba Sassine Dr Sassine was appointed to the Board on 31 May 2010. Retired 11 November 2010.

As at the date of this report, the interests of the directors in the shares and options of Minomic International Ltd were:

Director	Number of Shares held directly and through related entities	Class	Options
Jim Green	5,000,000	Ordinary	-
Raymore Millard	24,800,000	Ordinary	-
David Burdis	2,324,997	Ordinary	-

Refer to note 17 for further information on directors' remuneration, shares and options holdings.

COMPANY SECRETARY

Dr Brad Walsh is Company Secretary at the date of this report.

OPTIONS

At the date of this report, the unissued ordinary shares of Minomic International Ltd under option are as follows:

	Grant Date	Date of Expiry	Exercise Price	Number under Option
Dr Brad Walsh	23 April 2010	22 April 2015	\$0.20	807,285

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

During the year ended 30 June 2011 35,576,000 ordinary shares of Minomic International Ltd were issued. For additional details refer to note 11 to the financial statements.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

DIVIDENDS

No dividends have been paid or have been recommended during the year.

PRINCIPAL ACTIVITIES

- Minomic International is a non-invasive biomarker research company whose focus is commercialising biomarkers for diagnosis and treatment of major diseases.
- Minomic International was incorporated to commercialise two diagnostic assays, one for Prostate Cancer and one for Type 2 Diabetes.

OPERATING AND FINANCIAL REVIEW

Overview

- The company is an unlisted public company and is located in Sydney, Australia.
- Minomic proposes to introduce its innovative test for the detection of prostate cancer in the next 18 months
- Minomic's technology is or will be protected by international patents
- Minomic is exploring other promising applications of the technology to provide imaging and therapeutic applications for prostate cancer sufferers
- When sample testing is complete, Minomic will enter, either by direct sales or 'big pharma' royalty agreements, a US\$3 billion market

OPERATING RESULTS FOR THE YEAR

The company incurred an operating loss of \$1,015,890 (2010: Loss \$824,045) after income tax for the financial year ending 30 June 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

GOING CONCERN AND SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

These financial statements have been prepared on a going concern basis.

In the year ended 30 June 2011 the net loss for the year was \$1,015,890 (to 30 June 2010: \$824,045). Cash outflows from operations were \$604,124 (to 30 June 2010 outflows of \$976,553). As at 30 June 2011 the Company had a net deficiency of working capital of \$80,274 (as at 30 June 2010: net working capital deficiency of \$175,004).

The directors of the Company have assessed the future cash flow forecast of the Company and have concluded that the Company will be able to successfully raise funding through either the issue of debt or equity in order to continue operations. On 25 October 2011 the company signed a Term Sheet with an external party to secure \$5m in funding through the issue of 50,000,000 ordinary shares, subject to the necessary member and regulatory approvals.

In the event that this capital raising does not take place, the Company has the capacity to significantly scale back its operational activity, as well as renegotiate with its related and non-related creditors and financiers payment terms in order to continue as a going concern for at least the next 12 months.

These financial statements do not include any adjustments to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, which might be necessary should the Company not be able to continue as a going concern.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than matters referred to elsewhere in this report, further information as to likely developments in the operations of the entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not subject to any particular environmental regulations.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Director	No of Meetings Possible to Attend	No. of Meetings Attended
Jim Green	4	4
Raymore Millard	5	4
David Burdis	5	5
Dr Peter Smith	2	2
Dr Saliba Sassine	1	1

INDEMNIFYING OFFICERS OR AUDITOR

The Company has entered into a deed of indemnity with each current director and certain former directors indemnifying them on a continuing basis, to the maximum extent permitted by law and the Company's

constitution, against all liabilities and payments (including legal expenses) incurred or paid in connection with their position as director or employee of the Company or a controlled entity.

As at the date of this report, no director or officer of the Company has received the benefit of an indemnity from the Company during or since the end of the year.

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to such proceedings during the year.

NON-AUDIT SERVICES

The auditor provided no other services other than the audit and review of the financial statements of the Company's financial reports.

AUDITOR INDEPENDENCE DECLARATION TO THE DIRECTORS OF MINOMIC INTERNATIONAL LTD

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.



Jim Green
Executive Chairman
26 October 2011

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MINOMIC INTERNATIONAL LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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 (VIC) Pty Ltd
ABN 59 116 151 136



J. C. LUCKINS
Director

Dated in Melbourne this 26th day of October, 2011

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Research and development credits	3	413,675	614,580
Other income	3	2,549	28,241
Administration		(4,434)	(42,553)
Corporate costs		(49,412)	(175,767)
Depreciation		(104,180)	(73,503)
Directors' fees		(90,000)	(12,020)
Employee benefits		(554,779)	(428,805)
Finance		(12,138)	(1,021)
Research and development		(617,171)	(733,197)
Loss before income tax		(1,015,890)	(824,045)
Income tax expense	5	-	-
Loss for the Year		(1,015,890)	(824,045)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company		(1,015,890)	(824,045)

The accompanying notes form part of these statements.

Statement of Financial Position

AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	-	68,601
Trade receivables and other assets	7	<u>420,048</u>	<u>614,620</u>
TOTAL CURRENT ASSETS		<u>420,048</u>	<u>683,221</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>317,736</u>	<u>382,128</u>
TOTAL NON-CURRENT ASSETS		<u>317,736</u>	<u>382,128</u>
TOTAL ASSETS		<u>737,784</u>	<u>1,065,349</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	13	620	-
Trade and other payables	9	299,682	398,713
Borrowings	10	118,389	277,384
Provision for annual leave		81,631	102,500
Other liabilities		-	35,000
TOTAL CURRENT LIABILITIES		<u>500,322</u>	<u>813,597</u>
NON-CURRENT LIABILITIES			
Provision for long service leave		<u>40,000</u>	<u>26,000</u>
TOTAL NON-CURRENT LIABILITIES		<u>40,000</u>	<u>26,000</u>
TOTAL LIABILITIES		<u>540,322</u>	<u>839,597</u>
NET ASSETS		<u>197,462</u>	<u>225,752</u>
EQUITY			
Issued capital	11	4,314,418	3,326,818
Accumulated losses		<u>(4,116,956)</u>	<u>(3,101,066)</u>
TOTAL EQUITY		<u>197,462</u>	<u>225,752</u>

The accompanying notes form part of these statements

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2009		1,823,312	(2,277,021)	(453,709)
Loss for the year		-	(824,045)	(824,045)
Total comprehensive loss for the year		-	(824,045)	(824,045)
Issue of shares	11	2,191,503	-	2,191,503
Cost of share-based payments		(687,997)	-	(687,997)
Balance at 30 June 2010		3,326,818	(3,101,066)	225,752
Loss for the year		-	(1,015,890)	(1,015,890)
Total comprehensive loss for the year		-	(1,015,890)	(1,015,890)
Issue of shares	11	987,600	-	987,600
Balance at 30 June 2011		4,314,418	(4,116,956)	197,462

The accompanying notes form part of these statements

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Research and development credits received from the Commonwealth Government		607,416	368,984
Government grants received		-	25,000
Payments to suppliers and employees		(1,205,325)	(1,371,530)
Interest received		2,549	1,031
Interest paid		(8,764)	(38)
NET CASHFLOWS USED IN OPERATING ACTIVITIES	13	(604,124)	(976,553)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(39,788)	(13,839)
Acquisition of assets, liabilities and employee entitlements from IProteome Pty Ltd (formerly Minomic Pty Ltd) ("IProteome"), a company controlled by Dr Brad Walsh		(85,258)	(129,215)
		(125,046)	(143,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary shares		476,000	1,488,506
Proceeds from the issue of convertible notes to Keyfox Pty Limited, a related party of Raymore Millard		168,500	111,500
Proceeds from Director loans	10	20,900	-
Repayment of shareholder loans		(50)	(460,000)
Finance lease payments		(5,401)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		659,949	1,140,006
Net (decrease)/increase in cash held		(69,221)	20,399
Cash and cash equivalents at the beginning of the financial year		68,601	48,202
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13	(620)	68,601

The accompanying notes form part of these statements

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. CORPORATE INFORMATION

The financial statements of Minomic International Ltd for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of directors at the date of this report.

Minomic International Ltd is a public company limited by shares incorporated and domiciled in Australia whose shares are not publicly traded.

The nature of the operations and principal activities of the Company are described in the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in 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 as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs basis. The financial statements are presented in Australian dollars.

Going concern

These financial statements have been prepared on a going concern basis.

In the year ended 30 June 2011 the net loss for the year was \$1,015,890 (to 30 June 2010: \$824,045). Cash outflows from operations were \$604,124 (to 30 June 2010 outflows of \$976,553). As at 30 June 2011 the Company had a net deficiency of working capital of \$80,274 (as at 30 June 2010: net working capital deficiency of \$175,004).

The directors of the Company have assessed the future cash flow forecast of the Company and have concluded that the Company will be able to successfully raise funding through either the issue of debt or equity in order to continue operations. On 25 October 2011 the company signed a Term Sheet with an external party to secure \$5m in funding through the issue of 50,000,000 ordinary shares, subject to the necessary member and regulatory approvals.

In the event that this capital raising does not take place, the Company has the capacity to significantly scale back its operational activity, as well as renegotiate with its related and non-related creditors and financiers payment terms in order to continue as a going concern for at least the next 12 months.

These financial statements do not include any adjustments to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, which might be necessary should the Company not be able to continue as a going concern.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

The Company has not recorded a Deferred Tax Benefit asset in the balance sheet due to uncertainty that the Company will have sufficient taxable income in the future to realise the benefit

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(e) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(f) Cash and short term deposits

Cash in the Statement of Financial Position comprise cash at bank and in hand.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense items as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Research and development costs

Research costs for the development of the intellectual property are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(i) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(j) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in the income statement.

(k) Leases

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

(l) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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.

Impairment

At each reporting date, the company assess whether there is objective evidence that the financial instrument has been impaired. Impairment losses are recognised in the income statement.

(m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

The cost of fixed assets constructed within the consolidated Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a diminishing value basis over the asset's useful life to the consolidated Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2.5%
Lab equipment	10% – 50%
Office Equipment	37.5% – 66.67%
Leased Motor Vehicle	18.75%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(n) Employee Benefits

Provision is made for the Company's liability for short term employee benefits arising from services rendered by employees to balance date. The undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as:

- (i) a liability, after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund; and
- (ii) as an expense, unless another Australian Accounting Standard requires or permits the inclusion of the benefits in the cost of an asset.

(o) Impairment of Assets

At each reporting date, the company 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 cost to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(p) Critical Accounting Estimates and Judgments

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

Key Estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment loss has been recognised on any of the assets as at 30 June 2011.

Key Judgments – Provision for impairment of Receivables

The directors considered all receivables existing at 30 June 2011 and believe that the full amount of the debts are recoverable and no provision for impairment or receivables has been made at 30 June 2011.

(q) Comparatives

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

(r) Adoption of New and Revised Accounting Standards

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. There was no significant impact upon these financial statements arising from adoption of these standards.

3. REVENUE

	2011 \$	2010 \$
Research and development credits	413,675	614,580
Other income		
Interest Received	2,549	1,031
Government Grants	-	25,000
Other Revenue	-	2,210
Total	416,224	642,821

4. LOSS FOR THE YEAR

Expenses charged to the profit or loss for the year::

Interest paid on convertible notes held by Keyfox Pty Limited, a related party of Raymore Millard	8,634	-
Motor vehicle lease liability interest expense	3,504	3,383
Amounts paid under operating lease	102,778	53,723

5. INCOME TAX EXPENSE

Tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no charged in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income. Losses brought forward potentially assessable against future assessable income as at 30 June 2011 were \$503,640 (2010: \$165,991).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

6. AUDITORS' REMUNERATION

	2011 \$	2010 \$
Remuneration of the auditors of the company for:		
Auditing or reviewing the financial statements		
P N Markoulli	-	32,900
William Buck Audit (VIC) Pty Ltd	28,000	-
	28,000	32,900

7. TRADE RECEIVABLES AND OTHER ASSETS

Research and development credits receivable	413,675	614,580
Bank guarantee deposit paid (1)	6,373	-
Other	-	40
Total	420,048	614,620

- (1) This bank guarantee has been deposited in the bank account of IProteome Pty Ltd, a company controlled by Dr Brad Walsh. IProteome Pty Ltd has provided a bank guarantee of \$52,373 in-respect of the Company's occupancy at its principal place of business as disclosed in note 14.

8. PROPERTY, PLANT AND EQUIPMENT

Laboratory equipment

At cost	333,190	-
Acquired during year at cost	38,676	333,190
Depreciation charged	(161,032)	(66,960)
	210,834	266,230

Leasehold improvements

At cost	83,313	-
Acquired during year at cost	-	83,313
Depreciation charged	(2,113)	-
	81,200	83,313

Leased motor vehicles

At cost	28,898	-
Acquired during year at cost	-	28,898
Depreciation charged	(7,963)	(3,132)
	20,935	25,766

Office equipment, fixtures and fittings

At cost	8,997	-
Acquired during year at cost	1,112	8,997
Depreciation charged	(5,342)	(2,178)
	4,767	6,819

Total property, plant and equipment	317,736	382,128
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Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

9. TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
Trade payables	92,953	229,927
Accrued and sundry payables (1)	206,729	168,786
	299,682	398,713

- (1) As at 30 June 2011 the Company owed the following amounts to unsecured related party creditors at 0% interest terms:

Accrued interest owed to Keyfox Pty Limited (a company controlled by Raymore Millard)	4,357	983
Consultants fees owing to Quality Management Pty Limited (a company controlled by David Burdis)	45,000	13,500
Directors' fees owing to David Burdis	30,000	-
Directors' fees owing to Raymore Millard	30,000	-
Expense claim reimbursement owing to Dr Brad Walsh	20,000	20,998
	129,357	35,481

10. BORROWINGS

Convertible notes (1)	-	111,500
Loans from directors (2)	20,900	-
Loan from Minomic Pty Limited (3)	70,963	133,907
Motor vehicle lease liabilities (4)	26,526	31,927
Other	-	50
	118,389	277,384

- (1) During the year the company converted its convertible notes into issued share capital. For further details, refer to note 11 Issued Capital.
- (2) The unsecured loans from directors are payable at a 0% interest terms.
- (3) The loan to IProteome Pty Limited is in respect of a purchase of the assets, liabilities and employees acquired in December 2009. The loan was made to the Company on interest free terms. IProteome Pty Limited is a related party of Dr Brad Walsh. During the year \$85,258 was repaid on the loan (2010: \$129,214). The original contract anticipated the final payment in respect of the asset sale to be 1 October 2010. No default clause exists in the contract in-respect of breaching this payment timeline obligation.
- The title to all the property arising on the sale passed at the contract completion date, which was 1 December 2009. There are no guarantees, collateral, covenant requirements or any other security held by IProteome Pty Limited in relation to the loan.
- (4) Motor vehicle lease liabilities are secured against the Company's motor vehicles through hire purchase agreements. The written down value of those motor vehicles, as disclosed in note 8, approximate the fair value of those assets. Interest is payable in monthly instalments with the principal at a rate of 6.79% per annum.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

11. ISSUED CAPITAL

	2011		2010	
	Qty	\$	Qty	\$
Ordinary shares – issued and fully paid	89,220,238	4,314,418	53,644,238	3,326,818
<i>Movement in ordinary shares on issue during the year</i>				
At the beginning of the reporting period	53,644,238	3,326,818	18,925,971	1,823,312
Shares issued in the financial year ending 30 June 2010	-	-	34,718,267	2,191,503
Conversion of convertible notes (1)	28,000,000	280,000	-	-
Issue of ordinary fully paid shares for cash:	5,260,000	476,000	-	-
Share-based payments:				
15 March 2011 (2)	2,250,000	225,000	-	-
24 March 2011 (3)	66,000	6,600	-	-
Capital raising costs	-	-	-	(687,997)
At the end of the reporting period	89,220,238	4,314,418	54,644,238	3,326,818

Ordinary shareholders participate in dividends and the proceeds on winding up in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called otherwise each shareholder has one vote on a show of hands.

- (1) On 23 November 2010 the Company converted a convertible note payable to Keyfox Pty Limited, a company controlled by Raymore Millard, for the issue of 28,000,000 shares at 1 cent each, according to the terms of the convertible note.
- (2) These shares were issued to key management personnel in consideration of their remuneration for the year. Shares were valued at 10 cents per share, which is consistent with the fair value of other share issues in the period for cash consideration. These shares were issued in lieu of remuneration, are in line with the Company's philosophy of motivating and rewarding its key management personnel and carry the same rights and obligations as other ordinary shares.
- (3) These shares were issued to an external consultant, Cellabs Pty Limited in consideration for consulting work rendered. Shares were valued at 10 cents per share, which is consistent with the fair value of other share issues in the period for cash consideration.
- (4) The total cost of the share based payments, \$231,600 was charged to the statement of comprehensive income (2010: nil).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases. The Board of Directors are responsible for monitoring and managing financial risk exposures of the Company.

Specific Financial Risk Exposures and Management

The only significant risk the Company is exposed to through its financial instruments is liquidity risk. The directors consider all of the Company's financial instruments, which are measured at amortised cost, to approximate fair value.

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Board of Directors monitors forecast cash flows to ensure that there is sufficient cash to meet commitments. This is achieved by the preparation from time to time of cash flow forecasts. As at 30 June 2011 the Company had no available unused lines of credit (2010: nil).

The Company is currently developing its diagnostic products and as a consequence is reliant on ongoing capital raising and government grants to meet its cash flow requirements. The company does not have any bank debt facilities.

13. CASH FLOW INFORMATION

	2011	2010
	\$	\$
Cash at bank and on hand	-	68,601
Bank overdraft	(620)	-
	(620)	68,601
Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss)	(1,015,890)	(824,045)
<i>Non-cash flows in profit</i>		
Depreciation	104,180	73,503
Loss on acquisition	22,314	9,613
Share-based payments	231,600	-
<i>Movements in working capital</i>		
(Increase)/decrease in trade receivables and other assets	194,572	(214,390)
(Decrease)/increase in trade and other payables	(99,031)	256,622
(Decrease)/increase in provisions	(41,869)	(277,856)
Net cash outflows from operating activities	(604,124)	(976,553)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

14. CAPITAL AND OPERATING LEASE COMMITMENTS

	2011	2010
	\$	\$
(a) Finance Lease Commitments		
Non-cancellable motor vehicle finance leases capitalised in the Financial Statements		
Future minimum lease payments	29,368	36,772
Net present value discount	(2,842)	(4,845)
Present value of future minimum lease payments	26,526	31,927
Payable — minimum lease payments		
▪ not later than 12 months	7,404	7,404
▪ later than 12 months and not later than five years	21,964	29,368
(b) Operating Commitments		
Non-cancellable operating leases		
▪ not later than 12 months	73,213	61,801
▪ later than 12 months and not later than five years	128,239	-

The above operating lease is in respect of the office lease of the Company's premises which was renewed in March 2011 for three years with an option to renew at the end of the lease. I Proteome, a company controlled by Dr Brad Walsh has provided a bank guarantee deposit for the lease of \$52,273 to which the Company has contributed \$6,373 (refer to note 7) to secure the lease.

15. CONTINGENT LIABILITIES & COMMITMENTS

The dispute between the Company and Mr Tuckfield, a former director, regarding the amount payable to him following his resignation from the Board was discontinued by him with full costs of the action awarded by the court against him. The financial effect of the discontinuance is reflected in the Financial Statements for the year ended 30 June 2010.

16. SUBSEQUENT EVENTS

Aside from the matter described in Note 2 to the financial statements, there were no significant events to be reported subsequent to the financial year end.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

17. KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

(i) Directors

Jim Green	Executive Chairman
Raymore John Millard	Non-Executive Director
David Burdis	Non-Executive Director

(ii) Executives

Dr Bradley John Walsh	Chief Scientific Officer and Company Secretary
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Number of shares held directly and through related entities in Minomic International Ltd

Director/Executive	Balance 1 July 2010	Class	Granted as Remuneration	Net change - Other	Balance 30 June 2011
J Green	-	Ordinary	1,500,000		1,500,000
R Millard	300,000	Ordinary	-	28,000,000	28,300,000
D Burdis	1,386,667	Ordinary	750,000	188,330	2,324,997
B J Walsh	8,179,295	Ordinary	-	-	8,179,295

Net change – other represents shares acquired off-market for cash consideration and the exercise of convertible notes, as described in note 11.

(iii) Key management personnel compensation

	2011 \$	2010 \$
Short-term employee benefits*	273,159	176,256
Post-employment benefits	15,432	-
Share-based payments	225,000	300,000
	513,591	476,256

*Short-term employee benefits include directors' fees, salary and wages and consulting services rendered in the capacity as a director and include fees earned through interposed entities.

18. TRANSACTIONS WITH RELATED PARTIES

Details of specific transactions and balances with related parties have been disclosed throughout these financial statements and notes. Unless otherwise stated, all transactions and balances have occurred on arm's-length terms.

19. ECONOMIC DEPENDENCE

The company's main source of revenue, being research and development credits, means that it is dependent upon the continuing financial support provided by the Commonwealth Government.

Directors' Declaration

The directors of the company declare that:

- 1 The attached financial statements and the notes are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.
- 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Jim Green
Executive Chairman
26 October 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINOMIC INTERNATIONAL LTD

Report on the Financial Report

We have audited the accompanying financial report of Minomic International Ltd (the "company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 is free from material misstatement, whether due to fraud or error. In Note 2, 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 and fair presentation of the financial report 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINOMIC INTERNATIONAL LTD (CONT)

Auditor's Opinion

In our opinion:

- a. the financial report of Minomic International Ltd is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2011 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 2.

Emphasis of Matter Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to Note 2 to the financial report, which indicates that the company incurred a loss of \$1,015,890 (2010: loss of \$824,045) for the financial year and generated net cash outflows from operations of \$604,124 (2010: \$976,553). We also draw attention to Note 19, which describes the Company's economic dependence upon the financial support of the Commonwealth Government for its research and development activities.

These conditions along with other matters set forth in Note 2 indicate that there is a material uncertainty that may cast doubt regarding whether the Company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Minomic International Ltd for the year ended 30 June 2011 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the financial report and remuneration 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 (VIC) Pty Ltd
ABN 59 116 151 136

J. C. Luckins

J. C. LUCKINS
Director

Dated in Melbourne this 26th day of October, 2011