



MINOMIC INTERNATIONAL LTD

ABN 14 124 455 081

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010**

MINOMIC INTERNATIONAL LTD
ABN 14 124 455 081

Corporate Directory

Registered Office and Principal Place of Business

Unit 7, 14 Rodborough Rd
Frenchs Forest NSW 2086
Telephone: (02) 8004 4700
Facsimile: (02) 9975 3888

Lawyers

Colins Biggers & Paisley
Level 42, 2 Park Street
Sydney 2000

Scientific Advisory Panel

Dr Peter French – Chairman
Prof Pamela Russell AM
Assoc Prof Stuart Cordwell
Dr Paul Cozzi
Prof Mark Willcox

Directors

Jim Green – Executive Chairman
Raymore Millard – Non-executive Director
Dr Peter Smith - Non-executive Director
David Burdis – Non-executive Director

Dr Brad Walsh – Company Secretary

Patent & Trade Mark Attorney

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

Auditor

P N Markoulli
309A Homer Street
EARLWOOD NSW 2206

Contents

<i>DIRECTORS' REPORT</i>	<i>1</i>
REMUNERATION REPORT	4
OPERATING AND FINANCIAL REVIEW	6
OPERATING RESULTS FOR THE YEAR	6
SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS	6
SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR	7
LIKELY DEVELOPMENTS AND EXPECTED RESULTS	7
AUDITOR INDEPENDENCE DECLARATION TO THE DIRECTORS OF MINOMIC INTERNATIONAL LTD	8
<i>FINANCIAL STATEMENTS</i>	<i>11</i>
<i>DIRECTORS' DECLARATION</i>	<i>32</i>
<i>AUDITOR'S INDEPENDENCE DECLARATION</i>	<i>33</i>
<i>INDEPENDENT AUDIT REPORT</i>	<i>34</i>

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2010.

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 serves as Executive Chairman of Minomic International Ltd and also as Executive Chairman of ECSI Ltd. He 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 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.

Dr Peter Smith

Dr Smith was appointed to the Board on 20 March 2010.

Peter has nearly 15 years experience in biological research; several years spent in Human Pathology researching cancer diagnosis and prognosis. He also has approximately 15 years experience in funds management and investment banking and sits on a number of boards including ASX listed companies.

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.

No Longer in Office

Dr Brad Walsh

Dr Walsh was appointed to the board on 1 June 2007. Retired 26 May 2010.

Dr Walsh has 25 years experience in the biotechnology business and has enjoyed a varied career commercialising Immunoassay Kits and Proteomics Technologies and Consumables as well as Bioinformatics Software. He has always achieved this with great cost effectiveness and within agreed timelines. His products are being sold and supplied by major US corporations like Waters and BioRad.

Before founding Minomic Pty Limited he was General Manager of a not-

for-profit public entity called the Australian Proteome Analysis Facility. This was a multi-million dollar facility established in 1995. Prior to this he led research groups in public institutions such as CSIRO, Universities and Hospitals. With his background and having successfully guided Minomic through six of the most turbulent years in biotech, both industry and government have eagerly sought his opinion as a thought leader and technologist many times. He has won prizes for the products developed by the company and was responsible for putting Minomic on the 2006 Business Review Weekly UpStarts list of 200 fastest growing startup companies

**Dr Saliba
Sassine**

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

Dr Sassine is an experienced biotechnology entrepreneur and executive and has been instrumental in originating, developing and launching biotechnology and biomedical ventures. He founded ASX Listed Helicon Company.

He was founding CEO of Biotech International Ltd (now Agenix Ltd) and led that company into international markets growing it through a series of mergers and acquisitions. Dr Sassine was originator and foundation Chairman of Phylogica Ltd, a functional proteomics company listed on the Australian Stock Exchange.

Currently, Dr Sassine is Chairman of Allegra Capital Pty Ltd, a boutique investment advisory firm that provides funding facilitation, strategic advice and management services to creative business enterprises and entrepreneurs.

Robert Porter

Mr Porter was appointed to the Board on 1 December 2008. Retired 26 May 2010.

Mr Porter has a background in international insurance and financial services and has worked at a senior level as chief executive officer, trustee and managing director for a number of listed and unlisted companies in Australia and the United Kingdom. His diverse experience has been gained over many years managing listed corporate assets in Australia, United Kingdom, United States of America and Bermuda.

Mr Porter was for 15 years an underwriting member of Lloyd's of London and has a strong and successful background in company development, rehabilitation, risk management and administration.

**Dr Jeremy
Cumpston**

Dr Cumpston was appointed to the Board on 1 December 2008, Retired 6 November 2009.

Dr Cumpston is a general practitioner, member of the South Eastern Division of General Practitioners and has significant experience in consulting with and marketing niche medical products to GPs. He has consulted on medical technology at Government level in Australia, Romania, Turkey and Saudi Arabia.

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	Nil	Ordinary	-
Raymore Millard	28,300,000	Ordinary	-
Dr Peter Smith	300,000	Ordinary	-
David Burdis	1,574,997	Ordinary	-

Refer to note 23 for further information on directors' remuneration, shares and options holdings.

COMPANY SECRETARY

Dr Brad Walsh is Company Secretary at the date of this report. During the year Mr Robert Porter also held the position of joint Company Secretary from 1 July 2009 to 26 May 2010.

OPTIONS

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.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2010 34,718,267 ordinary shares of Minomic International Ltd were issued. Since year end a further 28,000,000 shares have been issued. In addition share applications of \$101,000 have been received for the issue of 1,010,000 ordinary shares.

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.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Minomic International Ltd (the company). This report also provides the audited disclosure required by Aus 25.4 to 25.7.2 of Accounting Standard 124 "Related Party Disclosure" as permitted by Corporation Regulations 2.M.6.04.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives. To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the Directors and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The directors are currently not entitled to any remuneration.

The amount of aggregate remuneration that is sought to be approved by shareholders and the manner in which it is apportioned amongst Directors will be reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Remuneration Details for the Year Ended 30 June 2010

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the Year Ended 30 June 2010

2010	Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and super-annuation	Other	Incentive plans	LSL	Shares/Units	Options/Rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Executive Directors													
Jim Green	-	-	-	-	-	-	-	-	-	-	-	-	-
Rob Porter	48,788	-	-	-	3,851	-	-	-	-	-	-	6,000	58,639
Non-Executive Directors													
Dr Saliba Sassine	-	-	-	-	-	-	-	-	-	-	-	-	-
Raymore Millard	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr Peter Smith	-	-	-	-	-	-	-	-	-	-	-	-	-
David Burdis	12,020	-	-	-	-	-	-	-	-	-	-	-	12,020
Jeremy Cumpston	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Key Management Personnel													
Brad Walsh	102,382	-	-	-	9,214	-	-	-	-	-	-	-	111,596

2009	Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and super-annuation	Other	Incentive plans	LSL	Shares/Units	Options/Rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Executive Directors													
Jim Green	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Rob Porter	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors													
Dr Saliba Sassine	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Raymore Millard	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Dr Peter Smith	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
David Burdis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Jeremy Cumpston	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Total Key Management Personnel													
Brad Walsh	-	-	-	-	-	-	-	-	-	-	-	-	-

EARNINGS PER SHARE	<u>2010</u>	<u>2009</u>
Basic loss per share (cents)	(2.1)	(4.9)
Diluted loss per share (cents)	(1.5)	(4.9)

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 move from solely a research entity to a medical device provider within the next 12 months
- In 2011 Minomic proposes to introduce its innovative test for the detection of prostate cancer
- 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 within our 12 month expectation, Minomic will enter, either by direct sales or 'big pharma' royalty agreements, a US\$3 billion market
- Also noted in last year's report was the proposed acquisition of 100% of the issued capital of Minomic Pty Limited (**MPL**). The acquisition of MPL did not proceed but instead the Company purchased the assets of MPL at fair market value, determined by an independent valuation, and employed its entire staff. This transaction was concluded with effect from 1 December 2009.

OPERATING RESULTS FOR THE YEAR

The company incurred an operating loss of \$824,045 (2009: Loss \$906,073) after income tax due mainly to funding of the development of the intellectual property.

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

The financial statements have been prepared on a going concern basis. The ability of the company to continue as a going concern is dependent on the generation of sufficient income to cover costs and additional capital raising within the coming months. The directors believe there is no reason to doubt that these sources of funds will become available. However, should losses continue and/or the future capital raising not be successful, or not at an amount and timing necessary to meet its future operational plans, or

it is unable to successfully exploit its intellectual property, the company may be unable to continue as going concern.

The company has no debt to financial institutions.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Future Capital Requirements

Our current requirements to commercialise the products that are in development will be \$5 million from November 2010 to 2012. At present monthly running costs are approximately \$120,000, which includes scientific research staff, laboratory and corporate administration costs. The company proposes to fund its ongoing business development and product commercialisation via a capital raising by the issue of new equity in the company. Future capital raises are anticipated.

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

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 numbers 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	0	0
Dr Saliba Sassine	4	4
Raymore Millard	6	6
Dr Peter Smith	8	6
David Burdis	7	7
Dr Brad Walsh	7	7
Robert Porter	7	7
Dr Jeremy Cumpston	2	0

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 a party to two proceedings during the year.

NON-AUDIT SERVICES

The auditor provided no other services other than the audit services.

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 33.

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



Jim Green
Executive Chairman
24 November 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Minomic International Ltd is responsible for the corporate governance of the entity. The Board guides and monitors the business affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement changed in 2004 due to the introduction of the Australian Stock Exchange Corporate Governance Council's ('the Council's') "Principles of Good Corporate Governance and Best Practice Recommendations" ('the Recommendations'). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

Minomic International Ltd's Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1 Lay solid foundations for management and oversight
- Principle 2 Structure the Board to add value
- Principle 3 Promote ethical and responsible decision-making
- Principle 4 Safeguard integrity of financial statements
- Principle 5 Make timely and balanced disclosure
- Principle 6 Respect the rights of shareholders
- Principle 7 Recognise and manage risk
- Principle 8 Encourage enhanced performance
- Principle 9 Remunerate fairly and responsibly
- Principle 10 Recognise the legitimate interests of stakeholders

Minomic International Ltd's corporate governance practices were in place throughout the year ended 30 June 2010 unless stated otherwise and were generally compliant with the Council's best practice recommendations. Departures from the above principles and the reasons why are explained under the following headings.

Role of Board and Management

While the company has formal policies and procedures that are disseminated to all employees and Directors it does not have a formal statement of matters that are delegated to management specifically. The Board of Directors is of the opinion that in a company of this size, fewer than 20 employees, such a statement would be unnecessarily formal. Also, as the chief executive attends all Board meetings the distinction between the Board and management is not sufficient to warrant a formal statement of the segregation of duties.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report is included in the Directors' Report on page 1. Directors of Minomic International Ltd are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence "materiality" is considered from both the company and the individual director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above and the materiality thresholds set, the following directors of Minomic International Ltd are considered to be independent.

Name	Position
Jim Green	Executive Chairman

The term in office of each director as at the date of this report is as follows: -

Name	Term in office Months
Jim Green	1
Raymore Millard	6
Dr Peter Smith	7
David Burdis	11

FINANCIAL STATEMENTS

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue	3	28,241	78,471
Corp Advisory Fees	4	(202,216)	(109,354)
Intellectual Property Costs	4	(665,383)	(783,235)
Depreciation and Amortisation		(73,503)	-
Employee Benefits Expense		(414,425)	-
Finance Costs	4	(3,383)	(1,978)
Marketing Costs	4	5,500	(20,000)
Occupancy Costs		(71,695)	3,182
Consultancy Fees	4	(68,219)	(280,402)
Directors Fees	4	(12,020)	(45,000)
Other Expenses		38,478	(39,038)
Profit/(Loss) before income tax		(1,438,625)	(1,197,354)
Income Tax Refund/(Expense)	5	614,580	291,281
Profit/(Loss) for the Year		(824,045)	(906,073)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) attributable to members of the company		(824,045)	(906,073)
Dividends Per share		-	-

The accompanying notes form part of these statements.

Statement of Financial Position

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	8	68,601	48,202
Trade and Other Receivables	9	40	31,246
Other Assets	10	614,580	368,984
TOTAL CURRENT ASSETS		683,221	448,432
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	382,128	-
Deferred Tax Asset	12	-	-
TOTAL NON-CURRENT ASSETS		382,128	-
TOTAL ASSETS		1,065,349	448,432
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	377,714	157,091
Borrowings	14	298,383	460,050
Short Term Provisions	15	102,500	-
Other Liabilities	16	35,000	285,000
TOTAL CURRENT LIABILITIES		813,597	902,141
NON-CURRENT LIABILITIES			
Borrowings	14	-	-
Long Term Provisions	15	26,000	-
TOTAL NON-CURRENT LIABILITIES		26,000	-
TOTAL LIABILITIES		839,597	902,141
NET ASSETS (DEFICIENCY)		225,752	(453,709)
EQUITY			
Issued Capital	17	3,326,818	1,823,312
Accumulated Losses		(3,101,066)	(2,277,021)
TOTAL EQUITY/(DEFICIENCY)		225,752	(453,709)

The accompanying notes form part of these statements

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued Capital \$	Retained Earnings \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2008		1,591,312	(1,370,948)	-	220,364
Cost of issue of shares		5,000	-	-	5,000
Total income and expense for the year recognised directly in equity		5,000	-	-	5,000
Loss for the year			(906,073)		(906,073)
Total income and expense for the year		5,000	(906,073)	-	(901,073)
Issue of shares	17	227,000	-	-	227,000
Cost of share-based payments		-	-	-	-
Balance at 30 June 2009		1,823,312	(2,277,021)	-	(453,709)
Cost of issue of shares		(687,997)			(687,997)
Total income and expense for the year recognised directly in equity		(687,997)			(687,997)
Loss for the year			(824,045)		(824,045)
Total income and expense for the year		(687,997)	(824,045)		(1,512,042)
Issue of shares	17	2,191,503			2,191,503
Cost of share-based payments		-			-
Balance at 30 June 2010		3,326,818	(3,101,066)		225,752

The accompanying notes form part of these statements

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,031	3,471
Government Grants Received		25,000	-
Payments to suppliers and employees		(1,393,575)	(837,531)
Income Tax Refund		368,984	199,613
NET CASHFLOWS USED IN OPERATING ACTIVITIES	19	(998,560)	(634,447)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(455,631)	-
Acquired Employee Entitlements		156,356	-
		(299,275)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(170,272)	439,947
Proceeds from issue of ordinary shares		1,488,506	227,000
Proceeds from application for shares issued after year end		-	15,000
NET CASH FLOW FROM FINANCING ACTIVITIES		1,318,234	681,947
NET INCREASE IN CASH HELD		20,399	47,500
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		48,202	702
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	68,601	48,202

The accompanying notes form part of these statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The financial statements of Minomic International Ltd for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of directors 24 November 2010.

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* and Australian Accounting Standards (including Australian Accounting Interpretations), of the Australian Accounting Standards Board

The financial statements have been prepared on an accruals basis and are based on historical costs basis, modified where applicable by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars.

Going concern

The financial statements have been prepared on a going concern basis. In the year ended 30 June 2010 the Company has incurred operating losses of \$824,045 (2009: Loss \$906,073). The Company's ability to continue as going concern is dependent on generating sufficient income to cover costs and the completion of an additional capital and or debt raising within the coming months. Refer to Note 20 "Events After the Reporting Period". The directors believe there is no reason to doubt that these sources of funds will become available. However, should losses continue and/or the future capital and or debt raising not be successful, or at an amount and timing that is not adequate to meet the future operational plans, or to successfully exploit its intellectual property, the Company may be unable to continue as going concern.

(b) Statement of compliance

The financial statements comply with Australian Accounting Standards, including AASB101 Presentation of Financial Statements, and other Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards (IFRS).

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

(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 IP are expensed as incurred. The company has entered into an arrangement with Minomic Pty Limited to research and develop the IP on a contractual basis. This arrangement ceased on 1 December 2009. 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.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

(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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

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:

- (a) 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
- (b) 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.

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 2010.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Key Judgments – Provision for impairment of Receivables

The directors considered all receivables existing at 30 June 2010 and believe that the full amount of the debts are recoverable and no provision for impairment of receivables has been made at 30 June 2010.

(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.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Minomic International Ltd.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(s) New Accounting Standards 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. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

- AASB 9: Financial Instruments and 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] (applicable for annual reporting periods commencing on or after 1 January 2013).
These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.
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
 - reclassifying financial assets 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 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.
- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).
These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Accounting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.
- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.
- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.
- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

3. REVENUE

	2010	2009
	\$	\$
Interest Received	1,031	3,471
Government Grants	25,000	75,000
Other Revenue	2,210	-
Total	28,241	78,471

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

4. LOSS FOR THE YEAR

	2010 \$	2009 \$
(a) Expenses		
Finance Costs		
- other persons	3,383	1,978
Rental expenses		
- minimum rental payments	-	-
- rental outgoings	53,723	(3,182)
	53,723	(3,182)
(b) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Corporate Advisory Fees	202,216	109,354
Marketing Costs	(5,500)	20,000
IP Costs		
- Research Costs paid to Minomic Pty Limited	649,188	779,004
- IP costs	16,195	4,231
	665,383	783,235
Directors Fees	12,020	45,000
Consultancy Costs	68,219	280,402

5. INCOME TAX EXPENSE

	2010 \$	2009 \$
The components of tax expense comprise:		
Current tax – R&D	(614,580)	(368,983)
Deferred Tax	-	7,011
R&D – prior year adjustment	-	70,691
Total	(614,580)	(291,281)

6. AUDITOR'S REMUNERATION

	2010 \$	2009 \$
Remuneration of the auditor of the company for:		
Auditing or reviewing the financial statements	32,900	20,000
Total	32,900	20,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

7. EARNINGS/(LOSS) PER SHARE

	2010 No.	2009 No.
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	39,575,677	18,661,138
Profit/(loss) attributable to ordinary shareholders used in calculating basic EPS	(824,045)	(906,073)
Profit/(loss) attributable to ordinary shareholders used in calculating diluted EPS	(824,045)	(906,073)

8. CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Cash at bank and on hand	68,601	48,202

9. TRADE AND OTHER RECEIVABLES

	2010 \$	2009 \$
Current		
Trade receivables	-	-
Other receivables	40	31,246
Total	40	31,246

10. OTHER CURRENT ASSETS

	2010 \$	2009 \$
Income Tax Refundable	614,580	368,984

11. PROPERTY, PLANT AND EQUIPMENT

	2010 \$	2009 \$
Laboratory equipment		
Opening Balance	-	-
Acquired during year at cost	333,190	-
Accumulated depreciation	(66,960)	-
	266,230	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010</u>	<u>2009</u>
Leasehold Improvements		
Opening Balance	-	-
Acquired during year at cost	84,546	-
Accumulated depreciation	(1,233)	-
	<u>83,313</u>	
Leased Motor Vehicles		
Opening Balance	-	-
Acquired during year at capitalised lease value	28,898	-
Accumulated amortisation	(3,132)	-
	<u>25,766</u>	
Office equipment, fixtures and fittings		
Opening Balance	-	-
Acquired during year at cost	8,997	-
Accumulated depreciation	(2,178)	-
	<u>6,819</u>	
Total Property, Plant and Equipment	<u>382,128</u>	<u>-</u>

12. DEFERRED TAX ASSET

	Opening Balance	Charged to income	Charged directly to equity	Closing Balance
	\$	\$	\$	\$
Deferred Tax Asset – Movements				
Future income tax benefits attributable to tax losses	1,358	(1,358)	-	-
Future income tax benefits attributable to black hole expenditure	5,353	(5,353)	-	-
Future income tax benefits attributable to contingent liabilities	-	-	-	-
Future income tax benefits attributable to accrued expenses	-	-	-	-
Property Plant & Equipment – website development	300	(300)	-	-
Balance at 30 June 2009	<u>7,011</u>	<u>(7,011)</u>	-	-
Future income tax benefits attributable to tax losses	-	-	-	-
Future income tax benefits attributable to black hole expenditure	-	-	-	-
Future income tax benefits attributable to contingent liabilities	-	-	-	-
Future income tax benefits attributable to accrued expenses	-	-	-	-
Property Plant & Equipment – website development	-	-	-	-
Balance at 30 June 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

13. TRADE AND OTHER PAYABLES

	2010 \$	2009 \$
Current		
Trade payables	229,927	102,274
Accrued Expenses	73,092	27,200
Application moneys for shares	-	15,000
Other Creditors	74,695	12,617
Total	377,714	157,091

14. BORROWINGS

	2010 \$	2009 \$
Current		
Convertible Notes	111,500	-
Motor Vehicle Lease Liability - secured	31,927	-
Loan from Shareholders - unsecured	50	460,050
Loan from Minomic Pty Limited	133,907	-
Other	20,999	-
Total	298,383	460,050

On 30 June 2010 the company entered into a secured convertible note deed to issue up to 500,000 convertible notes of \$1.00 each. Convertible notes issued pursuant to the deed are secured by a fixed and floating charge over the assets of the Company and attract interest a 10% per annum. They were redeemable by the company on or before 1 November 2010 and may be converted to ordinary shares at a conversion price of \$0.01 per ordinary share.

At the date of this report the Company had issued 296,000 convertible notes. Of these the holder of 280,000 of these notes, Keyfox Pty Limited (a company controlled by Mr Millard) elected to convert them to ordinary shares whilst the holder of the remaining 16,000 notes, Diskdew Pty Limited (a shareholder company controlled by Mr Ford) elected to have its debt repaid.

On 1 December 2009 the company acquired the employees and assets of Minomic Pty Limited. The purchase price of the assets acquired was determined by an independent valuation. The employees of Minomic Pty Limited were employed by the company on the same terms and conditions as their then existing employment contracts with that company. The asset purchase agreement included an allowance to the company for all accrued employee entitlements up to the acquisition date. The amount of the net purchase price is payable by instalments and is an interest free loan.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

15. PROVISIONS

	2010	2009
	\$	\$
Current		
Employee Benefits		
Opening Balance at 1 July 2009	-	-
Provision acquired	119,196	-
Additional Provision	11,250	-
Amount used	(27,946)	-
Balance at 30 June 2010	<u>102,500</u>	<u>-</u>
Non-Current		
Employee Benefits		
Opening Balance at 1 July 2009	-	-
Provision acquired	37,160	-
Additional Provision	6,750	-
Amount used	(17,910)	-
Balance at 30 June 2010	<u>26,000</u>	<u>-</u>

16. OTHER LIABILITIES

	2010	2009
	\$	\$
Current		
Other Liabilities	<u>35,000</u>	<u>285,000</u>
Total	<u>35,000</u>	<u>285,000</u>

17. ISSUED CAPITAL

	2010		2009	
	Qty	\$	Qty	\$
Ordinary shares – issued and fully paid	<u>53,664,238</u>	<u>3,326,818</u>	18,925,971	1,823,312
<i>Movement in ordinary shares on issue during the year</i>				
At the beginning of the reporting period	<u>18,925,971</u>	<u>1,823,312</u>	18,471,971	1,591,312
Issued 15 February 2009			454,000	227,000
7 November 2009	30,000	15,000		
Share Split 7 November 2009	13,269,180	-		
25 November 2009	18,195,420	1,767,953		
7 December 2009	250,000	25,000		
17 December 2009	1,250,000	125,000		
1 April 2010	1,723,667	258,550		
	<u>34,718,267</u>	<u>2,191,503</u>	454,000	227,000
Capital Raising Costs	-	(687,997)	-	5,000
At 30 June	<u>53,644,238</u>	<u>3,326,818</u>	18,925,971	1,823,312

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair values

Set out below is a comparison by category of the carrying amounts and fair values of all of the company's financial instruments recognised in the financial statements.

	2010 \$	2009 \$
<i>Financial assets</i>		
Cash	68,601	48,202
Receivables	2,440	31,246
<i>Financial liabilities</i>		
Trade Creditors	229,927	102,274
Application moneys for shares	-	15,000
Accrued Expenses	73,092	27,200
Loans from Shareholder	-	460,050
Convertible Note	111,500	-

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk. Maturity dates approximate contractual repricing dates.

YEAR ENDED 30 June 2010	Company			
	Less than one year	One to five years	Greater than five years	Weighted average effective interest rate
	\$'0000	\$'0000	\$'000	%
Floating rate				
Cash and cash equivalents	-	-	-	n/a

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk. There is a minimal effect on any changes of effective interest rates as the Company does not have major financial liabilities at floating rates.

Liquidity and Credit Risk

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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

19. CASH FLOW INFORMATION

	2010 \$	2009 \$
Cash at bank and on hand	<u>68,601</u>	<u>48,202</u>
Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss)	(824,045)	(906,073)
<i>Adjustments for:</i>		
Non-cash flows in profit		
Depreciation	73,503	
Movement in Employee Entitlements	(27,856)	
Movement in Provisions	(215,000)	
Movement in deferred tax asset	-	7,011
(Increase)/decrease in trade and other receivables	-	(57,834)
(Decrease)/increase in trade and other payables	(5,162)	322,449
	<u>(174,515)</u>	<u>(271,626)</u>
Net Cash Outflows from operating activities	<u>(998,560)</u>	<u>(634,447)</u>

20. EVENTS AFTER THE REPORTING PERIOD

As indicated in note 13 the Company had issued 296,000 convertible notes which were due for redemption on 1 November 2010. At the date of this report these convertible notes have been redeemed by the issue of 28,000,000 Ordinary Shares to Keyfox Pty Limited, a company controlled by a director, Mr Millard, and the repayment of \$16,000 to Diskdew Pty Limited, a company controlled by a shareholder, Mr Ford.

21. CAPITAL AND OPERATING LEASE COMMITMENTS

	2010 \$	2009 \$
(a) Finance Lease Commitments		
Non-cancellable motor vehicle finance leases capitalised in the Financial Statements		
Future Minimum Lease Payments	36,772	-
Net Present Value Discount	4,845	-
Present Value of Future Minimum Lease Payments	<u>31,927</u>	<u>-</u>
Payable — minimum lease payments		
▪ not later than one year	7,404	-
▪ later than one year and not later than five years	29,368	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

(b) Operating Lease Commitments	2010	2009
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
▪ not later than 8 months	61,801	-

The above operating lease is in respect of the office lease of the Company's premises.

22. 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 has been discontinued with full costs of the action awarded against Mr Tuckfield. The financial effect of the discontinuance has been reflected in the Financial Statements for the year ended 30 June 2010.

23. KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

(i) Directors

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

(ii) Executives

Bradley John Walsh	Chief Scientific Officer and Company Secretary
--------------------	--

Number of shares held directly and through related entities in Minomic International Ltd

Director	Balance 1 July 2009	Class	Granted as Remuneration	Net change -Other	Balance 30 June 2010
R Millard	10,000	Ordinary	-	290,000	300,000
P Smith	102,000-	Ordinary	-	198,000	300,000
D Burdis	-	Ordinary		1,386,667	1,386,667
B J Walsh ¹	4,811,350	Ordinary	-	3,367,945	8,179,295

1) Dr Walsh has a beneficial interest in Intelligent Options Pty Ltd.

(iii) Key management personnel compensation

	2010	2009
	\$	\$
Short-term employee benefits	176,256	-
Post-employment benefits	-	-
Share-based payments	300,000	-
Long-term employment benefits	-	-
	476,256	-

Detailed remuneration disclosures are provided in the remuneration report on pages 4 to5.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

24. Transactions with Related Parties and Directors

Other Related Parties

Minomic International Limited outsourced its research and development to Minomic Pty Limited until 1 December 2009 under a specific project management agreement. The two companies were acting independently. During the year Minomic International Ltd paid invoices totalling to \$649,188 (2008 779,004) to Minomic Pty Limited for development costs in accordance with the agreement between the two companies on the development of IP. Minomic Pty Limited is a company associated with Dr Walsh.

Minomic International Limited made an offer to acquire the assets and liabilities of Minomic Pty Limited. This offer was accepted by Minomic Pty Limited and concluded with effect 1 December 2009 (refer also note 14).

Key Management Personnel

As mentioned in note 18 above, the Company has entered into an agreement with Keyfox Pty Limited, a company controlled by Mr Millard is entitled to receive a fee of \$4,744.00 for capital raised by the Company and introduced by Keyfox. In addition Keyfox was entitled to \$790.00 interest under the terms of the Convertible Note agreement.

The company also made the following payments to related parties:

		2010 \$	2009 \$
Magic Films Pty Ltd (Mr J Cumpston)	Consultancy Fees	12,118	26,000
Magic Films Pty Ltd (Mr J Cumpston)*	Capital Raising Costs	150,000	-
Mr J Cumpston	Consultancy Fees	-	4,577
Diskdew Pty Limited (Mr P Ford)	Consultancy Fees	10,000	5,000
Diskdew Pty Limited (Mr P Ford)*	Capital Raising Costs	50,000	-
R A Porter and Associates (Mr R Porter)	Consultancy Fees	28,146	37,067
R A Porter and Associates (Mr R Porter)*	Capital Raising Costs	150,000	-
Mr J Walker	Directors Fees	25,909	45,000
Keyfox Pty Limited	Capital Raising fees and Expenses	49,910	-
Qualita Management Pty Limited (David Burdis)*	Consultancy Fees	142,036	-
David Burdis	Directors Fees	12,020	-

*Fees earned by Magic Films Pty Ltd, Diskdew Pty Ltd, R A Porter and Associates and Qualita Management Pty Ltd were satisfied by issue of ordinary shares in the company. The above transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

25. SEGMENT REPORTING

The company operates in Australia in the development of Intellectual Property relating to the detection of Type 2 diabetes and prostate cancer.

26. ECONOMIC DEPENDENCE

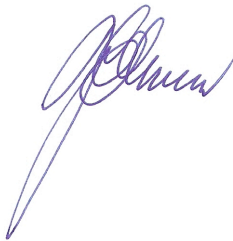
Besides continuing capital investment by shareholders the company's main source of other revenue is dependent on the Research and Development tax offset provided by the Commonwealth Government.

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and the notes as set out on pages 11 to 31 are in accordance with the Corporations Act 2001, and they:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 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
Chairman
24 November 2010

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF

MINOMIC INTERNATIONAL LTD

ABN 14 124 455 081

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Minomic International Ltd ABN 14 124 455 081 for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

P. Markoulli

P N Markoulli
Chartered Accountant
Registered Company Auditor

309A Homer Street Earlwood NSW 2206.

Dated this 24th day of November, 2010

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF MINOMIC INTERNATIONAL LTD

Report on the Financial Statements

I have audited the accompanying financial statements of Minomic International Ltd ABN 14 124 455 081, which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state in the notes to the financial statements, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial statements comprising the financial statements and notes thereto, comply with IFRS.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Electronic Presentation of Audited Financial Statements

The auditor's report relates to the financial statements of Minomic International Ltd for the year ended 30 June 2010 that may be included on Minomic International Ltd's web site. The Company's Directors are responsible for the integrity of Minomic International's web site. I have not been engaged to report on the integrity of Minomic International Ltd's web site. The auditor's report refers only to the statements named above. 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 statements to confirm the information included in the audited financial statements presented on the Company's website.

**INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF
MINOMIC INTERNATIONAL LTD** continued

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Auditor' Opinion

In my opinion:

- (a) the financial statements of Minomic International Ltd are 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 2010 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.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying my opinion expressed above, I draw attention to Note 2(a) "Going Concern" in the financial statements which indicates that there is significant uncertainty whether the Company will be able to continue as going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as going concern.

P. Markoulli.

P N Markoulli
Chartered Accountant
Registered Company Auditor

Address: 309A Homer Street Earlwood NSW 2206.

Dated this 26th day of November, 2010