



Minomic International Ltd

ABN 14 124 455 081

Financial Report
for the half year ended 31 December 2010

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CORPORATE INFORMATION

These financial statements are of Minomic International Ltd as an individual entity (the “Company”). Unless otherwise stated, all amounts are presented in \$AUD.

A description of the Company’s operations and of its principal activities is included in the review of operations and activities in the directors’ report on pages 2 to 3. 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 Pam Russell AM
Associate Prof Stuart Cordwell
Associate Prof Paul Cozzi

Registered and Principal Office

Unit 7, 14 Rodborough Road
Frenchs Forest NSW 2086

Auditor

William Buck
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

Patent and Trademark Attorney

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

Lawyers

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

Contact Information

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Directors' report

The directors of Minomic International Ltd (the "Company") submit herewith the interim financial statements of the Company for the half year ended 31 December 2010.

Directors

Mr. Jim Green (Executive Chairman, appointed 30 September 2010)

Mr. Raymore Millard (Non-executive Director, appointed 26 May 2010)

Mr. David Burdis (Non-executive Director, appointed 6 November 2009)

Dr. Peter Smith (Non-executive Director, appointed 20 March 2010, retired 21 December 2010)

Dr. Saliba Sassine (Non-executive Director, appointed 31 May 2010, retired 11 November 2010)

Principal activities

Minomic International Ltd (Minomic) is a biomarker research company whose focus is commercialising non-invasive biomarkers for diagnosis and treatment of major diseases, one for Prostate Cancer and one for Type 2 Diabetes

Both diagnostic products are urine based tests and will offer significant advantages over the dominant, more invasive screening methods currently used for detecting each disease

Minomic has contractually based, exclusive rights to the use of a mouse monoclonal antibody for prostate cancer detection

Operating results

The loss after tax of the Company for the half year ended 31 December 2010 was \$374,388 (2009: loss \$548,672).

Review of Operations and Subsequent Events

The Minomic scientific team has been working hard on the necessary steps to develop our prostate cancer test. This revolves around building up the number of patient sample tests to a sufficient level to obtain approval from the Therapeutic Goods Administration (TGA). The company has been in discussion with four new clinical groups in Newcastle, Geelong, Melbourne and Brisbane to increase the number of sample collection centres and this should speed this work up.

The test continues to perform well and we have tested Healthy Control, Benign Prostatic Hyperplasia (BPH) and Prostate Cancer Patient's urine. To date our test sensitivity is 83% and specificity is 93% (n = 56 CaP samples, n = 8 BPH samples and n = 6 healthy controls). This compares very favourably to the PSA test's much lower 40% sensitivity and similar specificity of 81%. We are looking forward to a TGA application when we complete 396 samples.

Our eminent Scientific Advisory Panel (Dr. French, Prof. Russell AM, Prof. Willcox, Assoc. Prof. Cordwell and Assoc. Prof. Cozzi) met in December to review the progress of the work. They were very encouraged by progress in the company and support the direction the science is taking.

Dr Kelvin Hopper from Aoris Nova Pty Ltd recently completed an independent scientific review and was similarly pleased with the project saying "The data continues to support the earlier findings by Professor Russell that this is a potentially valuable marker in this area and they have now shown that the target structure may be unique. There may be an even greater need now for such markers given the history and controversy of the PSA test and due to increased interest in imaging and targeted therapy."

A further \$106,600 has been raised in new capital since 31 December 2011 from sophisticated investors under S708 of the Corporations Act.

Directors' report

Future developments

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

Dividends

No dividend has been proposed or paid.

Auditor's independence declaration

The auditor's independence declaration is attached to this Directors' report on page 4.

Signed in accordance with a resolution of the directors



Mr. Jim Green
Executive Chairman

14 March 2011

14 March 2011

The Board of Directors
Minomic International Limited
Unit 7, 14 Rodborough Road
FRENCHS FOREST NSW 2086

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MINOMIC INTERNATIONAL LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Minomic International Limited.

As lead audit partner for the review of the financial statements of Minomic International Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporation Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



Jeffrey Luckins
Director
William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Dated in Melbourne, Australia on this 14th day of March 2011

**Statement of comprehensive income
 for the half year ended 31 December 2010**

| | 2010 | 2009 |
|---|------------------|------------------|
| | \$ | \$ |
| Research and development credits | 205,202 | 289,103 |
| Other income | 1,963 | 1,193 |
| Administration | (7,628) | (251) |
| Corporate | (16,603) | (104,225) |
| Depreciation | (45,552) | (7,363) |
| Employee benefits | (289,890) | (61,812) |
| Finance | (11,485) | (367) |
| Research and development | (210,395) | (664,950) |
| | <hr/> | <hr/> |
| Loss before income tax | (374,388) | (548,672) |
| Income tax benefit | - | - |
| | <hr/> | <hr/> |
| Net loss for the half year | (374,388) | (548,672) |
| | <hr/> | <hr/> |
| Other comprehensive income | - | - |
| | <hr/> | <hr/> |
| Comprehensive income for the half year | (374,388) | (548,672) |
| | <hr/> | <hr/> |
| Earnings per share (basic and diluted) (cents) | (0.6) | (1.5) |
| | <hr/> | <hr/> |

The accompanying notes form part of these financial statements

**Statement of comprehensive income
 for the half year ended 31 December 2010**

| | 31 December 2010 | 30 June 2010 |
|----------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 89,357 | 68,601 |
| Trade and other receivables | <u>219,447</u> | <u>614,620</u> |
| Total Current Assets | <u>308,804</u> | <u>683,221</u> |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | <u>335,272</u> | <u>382,128</u> |
| Total Non-Current Assets | <u>335,272</u> | <u>382,128</u> |
| Total Assets | <u>644,076</u> | <u>1,065,349</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 175,866 | 377,714 |
| Financial liabilities | 77,921 | 298,383 |
| Employee provisions | <u>127,925</u> | <u>163,500</u> |
| Total Current Liabilities | <u>381,712</u> | <u>839,597</u> |
| Total Liabilities | <u>381,712</u> | <u>839,597</u> |
| Net Assets | <u>262,364</u> | <u>225,752</u> |
| EQUITY | | |
| Issued capital | 3,737,818 | 3,326,818 |
| Accumulated losses | <u>(3,475,454)</u> | <u>(3,101,066)</u> |
| Total Equity | <u>262,364</u> | <u>225,752</u> |

The accompanying notes form part of these financial statements

Minomic International Ltd – Interim Financial Statements
 ABN 14 124 455 081

**Statement of changes in equity
 for the half year ended 31 December 2010**

| | Fully paid ordinary shares \$ | Accumulated losses \$ | Total \$ |
|--|-------------------------------------|--------------------------|------------------|
| Balance at 1 July 2009 | 1,823,312 | (2,277,021) | (453,709) |
| Total comprehensive income | - | (548,672) | (548,672) |
| Total recognised income and expense | - | (548,672) | (548,672) |
| Issue of shares | 1,917,953 | - | 1,917,953 |
| Costs of issuing shares | (629,509) | - | (629,509) |
| Balance at 31 December 2009 | 3,111,756 | (2,825,693) | 286,063 |
| Balance at 1 July 2010 | 3,326,818 | (3,101,066) | 225,752 |
| Total comprehensive income | - | (374,388) | (374,388) |
| Total recognised income and expense | - | (374,388) | (374,388) |
| Issue of fully paid ordinary shares | 411,000 | - | 411,000 |
| Balance at 31 December 2010 | 3,737,818 | (3,475,454) | 262,364 |

The accompanying notes form part of these financial statements

**Statement of cash flows
 for the half year ended 31 December 2010**

| | 2010 \$ | 2009 \$ |
|---|---------------|----------------|
| Cash flows from operating activities | | |
| Government grants received | - | 25,000 |
| Cash payments to suppliers and employees | (67,761) | (30,575) |
| Interest received | 1,963 | 75 |
| Interest paid | (1,047) | - |
| | (66,845) | 5,500 |
| Cash flows from investing activities | | |
| Acquisition of assets and liabilities of Minomic Pty Ltd | (87,659) | (257,360) |
| Payments for property, plant and equipment | (1,112) | - |
| Proceeds from research and development credits from the Australian Tax Office | 614,580 | 368,984 |
| Payments for research and development | (737,708) | (662,619) |
| | (211,899) | (550,995) |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | 131,000 | 1,157,953 |
| Costs of issuing share capital | - | (629,509) |
| Proceeds from the issue of convertible notes | 168,500 | 200,000 |
| | 299,500 | 728,444 |
| Net increase/(decrease) in cash and cash equivalents | 20,756 | 182,949 |
| Cash and cash equivalents at the beginning of the half year | 68,601 | 48,202 |
| Cash and cash equivalents at the end of the half year | 89,357 | 231,151 |

The accompanying notes form part of these financial statements

Notes to the financial statements

NOTE 1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Minomic International Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies are consistent with those in the June 2010 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

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

GOING CONCERN

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

In the half year ended 31 December 2010 the net loss for the year was \$374,388 (to 31 December 2009: \$225,752). Cash outflows from operations were \$66,845 (to 31 December 2009 inflows of \$5,500). As at 31 December 2010 the available working capital to the Company was \$72,908 (as at 30 June 2010: net working capital deficiency of \$156,376). Total proceeds from capital raised between 31 December 2010 to the date of this report is \$106,600.

The directors of the Company have assessed the future cash flow forecast of the Company and have concluded, based upon the successful capital raising discussed in Note 6, that the Company will be able to successfully raise funding through either the issue of debt or equity to continue operations. In the event that this capital raising does not take place, the Company has the capacity to scale back its Research & Development activity 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

| | Half year ended 31 December 2010 \$ | Half year ended 31 December 2009 \$ |
|--|---|---|
|--|---|---|

NOTE 3 LOSS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | | |
|---|-------------------|-------------------|
| Net loss attributable to ordinary equity holders (used in calculating basic and diluted EPS) | <u>(374,388)</u> | <u>(548,672)</u> |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share adjusted for share consolidation | <u>59,498,041</u> | <u>35,912,842</u> |

NOTE 4 ISSUED CAPITAL

| | 2010 | |
|--|-------------------|------------------|
| | No | \$ |
| As at 1 July 2010 | 53,644,238 | 3,326,818 |
| Issue of ordinary fully paid shares | 1,310,000 | 131,000 |
| Conversion of convertible notes into ordinary fully paid shares | 28,000,000 | 280,000 |
| | <u>82,954,238</u> | <u>3,737,818</u> |
| As at 31 December 2010 | <u>82,954,238</u> | <u>3,737,818</u> |

| | 2009 | |
|-------------------------------------|-------------------|------------------|
| | No | \$ |
| As at 1 July 2009 | 18,925,971 | 1,823,312 |
| Share split 7 November 2009 | 13,269,180 | - |
| Issue of ordinary fully paid shares | 19,725,420 | 1,917,953 |
| Cost of capital issued | <u>-</u> | <u>(629,509)</u> |
| As at 31 December 2009 | <u>51,920,571</u> | <u>3,111,756</u> |

Notes to the financial statements

NOTE 5 CONTINGENT LIABILITIES

As at 31 December 2010 the Company had no known contingent liabilities (2009: Nil).

NOTE 6 SUBSEQUENT EVENTS

Since 31 December 2010 the Company has received share applications for \$106,600 and continues its capital raising efforts to fund the ongoing operations of the company. The continued operation of the Company remains dependent on the success of these efforts.

NOTE 7 SEGMENT REPORTING

The Company operates in one industry being research and development of biotechnology within Australia.

Directors' declaration

The directors of the Company declare that:

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.

- (2) 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.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'Jim Green', with a long, sweeping underline.

Mr. Jim Green
Executive Chairman

14 March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINOMIC INTERNATIONAL LIMITED

ABN 14 124 455 081

Report on the Half-Year Financial Report

We have reviewed the accompanying interim financial report of Minomic International Limited (the "Company") which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Minomic International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINOMIC INTERNATIONAL LIMITED

ABN 14 124 455 081

(Continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the Group for the half-year ended 31 December 2010 included on website of Minomic International Limited. The Directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. The review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to / from the financial report. 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 reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Minomic International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minomic International Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to Note 2 of the interim financial report, which indicates that the Company incurred an after tax loss of \$374,388 (2009: loss \$548,672) during the half year ended 31 December 2010, and generated net cash outflows from operations and investing activities of \$278,744 (2009: \$545,495). These conditions along with other matters set forth in Note 2 indicate that there is a material uncertainty that may cast significant 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 reports.



Jeffrey Luckins

Director

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

Dated in Melbourne, Australia on this 14th day of March 2011