Minomic International Ltd and its controlled entities

ABN 14 124 455 081

Annual Report
For the year ended 30 June 2018

Contents

Corporate Information

These financial statements are of Minomic International Ltd ("**Minomic**" or "**Company"**) and the entities it controlled ("Consolidated Entity "or "Group") for the year ended 30 June 2018. 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 operation and activities in the directors' report. The directors' report is not part of the financial statements.

Directors

Dr Stewart Washer	Chairman	Professor David Gillatt (Chairman)
Dr Brad Walsh	CEO	Professor Dan Chan
Mr Raymore Millard	Non-executive Director	Professor Mark Emberton
Mr Xueliang Huang	Non-executive Director	Professor John Babich
		Dr Neal Shore

Secretary

Mr David Burdis	Chief Operating and Financial Officer, Company Secretary

Registered and Principal Office

Suite 2, 75 Talavera Road
Macquarie Park NSW 2113

Auditor

William Buck
Level 20, 181 William Street
Melbourne VIC 3000

Patent and Trademark Attorney

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

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77 Castlereagh Street
Sydney NSW 2000

Contact Information

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The directors of Minomic International Ltd (the “Company” or “Minomic””) and the entities it controlled (“Consolidated Entity” or “Group”) present their report, together with the financial statements on behalf of the Company for the year ended 30 June 2018.

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

Dr Stewart Washer
Chairman

Dr Washer is currently a director of Cynata Therapeutics Ltd (ASX: CYP), chairman of Orthocell Ltd (ASX: OCC), executive chairman of Firefly Health and a director of Zelda Therapeutics Pty Limited.

He has 20 years of senior executive and Board experience in digital health, regenerative medicine, drug development and agrifood companies. He was a founder of a NZ$120m New Zealand based life science fund. He is currently the Investment Director with Bioscience Managers who manage Australian and UK life-science funds.

Dr Brad Walsh

Dr Walsh is CEO of Minomic International Ltd. He has over 30 years of experience in the biotechnology business and has enjoyed a successful career commercialising immunoassay kits and proteomics technologies and consumables as well as bioinformatics software. His products are being sold and supplied by major US corporations, such as Bio-Rad Laboratories.

In the early 2000’s he founded the predecessor of Minomic International Ltd as a private company for which he raised over $5M in equity investment and non-dilutive funding. In the mid-90’s he was the inaugural General Manager of an Australian National Research Facility that was the world leader in the groundbreaking new field of proteomics.

Prior to this he led research groups in public institutions such as CSIRO, universities and hospitals. With his background, both industry and government have eagerly sought his opinion as a thought leader and technologist. He holds the position of Adjunct Professor at Macquarie University. He has co-authored 71 peer reviewed papers and book chapters and 8 patents. He has won prizes for the products being developed by the Company including the 2015 Eureka Science Prize for Excellence in Interdisciplinary Research.

Raymore Millard

Mr Millard is a consultant with extensive experience in providing strategic advice to both listed and unlisted companies in Australia and overseas. He has assisted various companies in raising seed capital and with their ultimate listing. He is similarly assisting the Company.

Xueliang Huang

Mr Huang is a major shareholder in Minomic. He has investment experience in both Australia and China. He is also a director of Super New Generation Pty Limited.

Alan Liddle (resigned 25 June 2018)	Mr Liddle is currently a director of Haemalogix Pty Ltd and Sangui Bio Pty Ltd. He has over 30 years of executive management experience primarily in the medical and biotechnology research sector encompassing immunology and bio-therapeutics for cancer and autoimmune diseases, cardiology and neuroplasticity. Alan founded and led two of Australia's leading biomedical/biotechnology companies.

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

Director	Number of Shares held directly and through related entities	Options
Dr Stewart Washer	2,030,139	-
Dr Brad Walsh	14,954,086	-
Raymore Millard	11,717,393	-
Xueliang Huang	33,783,785	-

COMPANY SECRETARY

Mr David Burdis is Company Secretary at the date of this report.

OPTIONS AND PERFORMANCE SHARES

There are no options outstanding at the date of this report.

At the date of this report there are 23,667,285 performance shares on issue. Of these performance shares 15,808,950 have fully vested at the date of this report.

DIVIDENDS

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

PRINCIPAL ACTIVITIES

Minomic International Ltd is an Australian diagnostic company specialising in development of diagnostics for solid tumours, including prostate, bladder and pancreas. Minomic has developed the *in vitro* diagnostic MiCheck® test for the early detection of prostate cancer.

2018 OPERATING AND FINANCIAL REVIEW

MICHECK® TEST DEVELOPMENT AND COMMERCIALISATION

Clinical Trials

The Prospective Trial outlined in the 2017 Annual Report was completed. All samples were analysed using MiCheck® with careful analysis of the data undertaken, allowing optimisation of the algorithm. That algorithm is now the subject of a provisional patent that has just been lodged. Protecting the algorithm with this patent strengthens our IP estate and enables us to progress our licensing discussions.

Throughout the year we have shared the impressive outcomes of the Prospective Trial with a number of potential license partners. In addition, the company has published the study in poster presentations at various relevant conferences in the US, Europe and Australia (as detailed in Intellectual Property below).

Manufacturing

The final format of MiCheck® has been locked down and we are progressing the manufacture of the analytical reagents required for the test using the Luminex® platform. This platform enables the rapid measurement of multiple analytes in a single blood sample. It is a well-established technology that is widely used in commercial laboratories and will facilitate deployment of MiCheck® in the US, Europe and elsewhere.

Regulatory and Reimbursement

The company continues to retain regulatory advisors to assist with MiCheck®'s registration in US, Europe and other territories.

The health economics study noted in last year's report is now complete having been updated to reflect the results of the Prospective Trial. The output of the study shows compelling cost savings to healthcare providers resulting from the incorporation of MiCheck® in the clinical pathway. The data generated by Prof Shelby Reed, Duke University, has been well received by potential licensees.

As indicated in last year's report the company intended to refresh the US Commercial Assessment using the results generated from the Prospective trial. We are currently finalising the scope of this report and expect this will commence in the current quarter. This report will provide independent, quantitative analysis and revenue forecasts based on in-depth interviews with urologists and payers in effect quantifying and validating MiCheck®'s market potential.

In addition, the company has identified a generous and competitive US CPT code for Medicare and Medicaid patients that will enable the test to be reimbursed. This will facilitate the rapid and early adoption of MiCheck® whilst arrangements are put in place with other US payers.

As indicated previously the company intends to initially offer MiCheck® in the US as a Laboratory Developed Test (LDT) in a CLIA Certified "High Complexity" laboratory. The company intends to discuss registration of the test with the FDA via the formal Pre-Submission meeting. To this end the company is currently drafting a Pre-Submission application with the assistance of its regulatory advisors. We expect that a meeting will occur in mid-2019.

There has been a great deal of progress in terms of regulatory and reimbursement in the US during the current year. The company expects to commence similar activities in Europe in 2019.

CLIA Labs

The company has continued its discussions with a number of CLIA Certified "High Complexity" labs. As of the date of this report the company is well advanced in discussions with a number of potential "partner" laboratories and is negotiating a non-exclusive distribution agreement with an east-coast based laboratory with a franchise in the urological diagnostics space. Launching MiCheck® as an LDT will enable Minomic to generate sales and clinical data with the latter able to support ultimate FDA registration.

Commercial Partner Engagement

We have continued to meet with a number of potential licensees for the MiCheck® test. Results of the Prospective trial as well as data generated from our Health Economics study and our US Market Assessment have been shared with these potential partners. Our commercial advisers, Torreya Partners are now working with us to conclude a formal license agreement for the MiCheck® test which remains our highest priority.

INTELLECTUAL PROPERTY

At the end of the financial year the remaining two patents entered the national phase so that all the existing patents at 30 June 2018 were in national phase. Of these the patent for the Cell Surface Prostate Antigen for Diagnosis has now been granted in the US, China and Singapore.

Since the year end the company has lodged an additional patent covering the MiCheck® algorithm. This algorithm was developed from the analysis of the Prospective Trial results after extensive work by our biostatisticians.

Two papers were published in peer reviewed journals during the year. In addition, we presented posters at the following industry meetings; American Urology Association 2018 Annual Meeting, European Association of Urology 2018 Annual Congress, American Association of Clinical Chemists 2018 Annual Conference, Admetech Foundation 2018 Precision Diagnosis and Treatment of Prostate Cancer, Prostate Cancer Foundation 2017 Scientific Retreat, Asia-Pacific Prostate Cancer 2018 Conference.

MILTUXIMAB® DEVELOPMENT

First in Human Trial

The last of the 12 patients in the First in Human Trial was infused in May 2018. We are pleased to report there were no drug related adverse events reported by any of the patients confirming Miltuximab® is safe. We are currently finalising the trial which includes further detailed analysis of the data generated. GlyTherix Ltd, that acquired the therapeutic rights to the company's intellectual property following the end of the financial year, is now preparing for a therapeutic trial of Miltuximab® commencing in 2019.

GLYTHERIX DEMERGER COMPLETED

Following the end of the financial year Minomic transferred its therapeutic assets to the company's wholly owned subsidiary, GlyTherix Ltd. This restructure was detailed in last year's review and progress detailed in the various shareholder updates throughout the year. The demerger of GlyTherix and Minomic was subsequently approved at a general meeting on 7 September 2018 and has now been completed.

OPERATING RESULTS FOR THE YEAR

The Company incurred an operating loss of $4,078,351 after income tax for the financial year ended 30 June 2018 (30 June 2017: loss $4,197,811).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the year the Company transferred its therapeutic assets to its fully owned subsidiary, GlyTherix Ltd. Subsequent to that transfer and following shareholder approval GlyTherix Ltd has been demerged from the Company. The demerger was effected by an *in specie* dividend of GlyTherix Ltd shares to the Company's shareholders.

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 Group 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 Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

DIRECTORS' MEETINGS

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

Director	Board Meetings	
	No. of Meetings Possible to Attend	No. of Meetings Attended
Stewart Washer	6	6
Brad Walsh	6	6
Raymore Millard	6	6
Alan Liddle	6	6
Xueliang Huang	6	6

INDEMNIFYING OFFICERS OR AUDITOR

The Group 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 Group'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.

The Group has insured its Directors and Officers for the financial year ended 30 June 2018. Under the Group's insurance policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Group relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

There were no proceedings during the year.

NON–AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 14 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 14 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

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 attached to this Directors’ Report.

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

Dr Stewart Washer
Chairman
Date: 17 October 2018

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

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

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

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 17th day of October, 2018

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Minomic International Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	4	2,103,227	1,889,265
Expenses			
Administration and corporate costs		(1,186,632)	(1,502,259)
Depreciation expense		(52,995)	(34,526)
Directors' fees and employee benefits expense		(2,185,624)	(1,732,116)
Payments to suppliers for research and development expenses		(2,756,327)	(2,818,175)
Loss before income tax expense		(4,078,351)	(4,197,811)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Minomic International Ltd		(4,078,351)	(4,197,811)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Minomic International Ltd		(4,078,351)	(4,197,811)

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

Minomic International Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents		734,619	2,918,888
Trade and other receivables	7	1,889,648	1,817,243
Total current assets		2,624,267	4,736,131
Non-current assets			
Plant and equipment	8	143,077	173,271
Total non-current assets		143,077	173,271
Total assets		2,767,344	4,909,402
Liabilities			
Current liabilities			
Trade and other payables	9	889,096	703,275
Borrowings	10	1,370,000	-
Provision for employee benefits	11	216,145	140,699
Total current liabilities		2,475,241	843,974
Non-current liabilities			
Provision for employee benefits	11	4,316	27,692
Total non-current liabilities		4,316	27,692
Total liabilities		2,479,557	871,666
Net assets/(liabilities)		287,787	4,037,736
Equity			
Issued capital	12	23,621,093	23,321,093
Performance share reserve		373,476	345,074
Accumulated losses		(23,706,782)	(19,628,431)
Total equity/(deficiency)		287,787	4,037,736

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

Minomic International Ltd
Statement of changes in equity
For the year ended 30 June 2017

	Issued Capital $	Performance share reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2016	15,094,251	189,907	(15,430,620)	(146,462)
Loss after income tax expense for the year	-	-	(4,197,811)	(4,197,811)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,197,811)	(4,197,811)
Transactions with owners in their capacity as owners:				
Issue of shares (net of costs)	8,226,842	-	-	8,226,842
Vesting of performance shares	-	155,167	-	155,167
Balance at 30 June 2017	23,321,093	345,074	(19,628,431)	4,037,736

	Issued capital $	Performance share reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	23,321,093	345,074	(19,628,431)	4,037,736
Loss after income tax expense for the year	-	-	(4,078,351)	(4,078,351)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,078,351)	(4,078,351)
Transactions with owners in their capacity as owners:				
Issue of shares (net of costs)	300,000	-	-	300,000
Vesting of performance shares	-	28,402	-	28,402
Balance at 30 June 2018	23,621,093	373,476	(23,706,782)	287,787

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

Minomic International Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $	2017 $	
Cash flows from operating activities				
Proceeds from research and development credits from ATO		1,808,048	1,220,273	
Proceeds from funding		162,185	135,243	
Proceeds from customers		51,881	-	
Payments to suppliers and employees		(5,778,831)	(6,162,996)	
Interest received		8,707	21,957	
Interest paid		(83,458)	(21,347)	
Net cash used in operating activities		(3,831,468)	(4,785,523)	
Cash flows from investing activities				
Acquisition of plant and equipment		(22,801)	(61,495)	
Net cash used in investing activities		(22,801)	(61,495)	
Cash flows from financing activities				
Proceeds (net of costs) from issue of ordinary shares	12	300,000	8,226,842	
Receipts of short-term loan from R&D Capital Partners Pty Ltd		1,370,00	-	
Repayment of short-term loan from R&D Capital Partners Pty Ltd		-	(690,000)	
Finance lease payments		-	(11,556)	
Net cash from financing activities		1,670,000	7,525,285	
Net increase/(decrease) in cash and cash equivalents		(2,184,269)	2,678,267	(866,675)
Cash and cash equivalents at the beginning of the financial year		2,918,888	240,621	1,107,296
Cash and cash equivalents at the end of the financial year		734,619	2,918,888	240,621

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

Note 1. Corporate Information

These financial statements include the consolidated financial statements and notes of Minomic International Ltd ("Minomic" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") were authorised for issue in accordance with a resolution of directors at the date of this report.

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

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

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Going concern

These financial statements have been prepared on a going concern basis, notwithstanding that for the year ended 30 June 2018 the Company generated a net loss of $4,078,351 (2017: $4,197,811), cash outflows from operations were $3,831,468 (2017: $4,785,523).

The Directors believe that the Company is a going concern on the basis that the Company will continue its track record of building intellectual property assets and reducing commercial risk which, in turn, will further enhance its ability to successfully issue share capital to new and existing shareholders. The Directors will continue to prudently manage the Company's cash outflows and contractual commitments whilst maintaining their ability to scale back research and development expenditure, if required. This includes the ability to settle liabilities owing to directors and director-related entities through the issue of share equity. Written confirmation has been obtained confirming that the Directors will not call for cash settlement of director fees owing or accrued until such time that the directors are of the opinion that their payment will not impact on the company's working capital and its ability to pay its debts as and when they fall due and payable.

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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Minomic International Ltd ('company' or 'Minomic) as at 30 June 2018 and the results of all subsidiaries for the year then ended. Minomic International Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Government research and development tax incentives
Government grants, including research and development incentives are recognised at fair value when there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to research and development expenditure are recognised as income over the periods necessary to match the grant costs they are compensating. The incentive is recognised as income as it is not tied to offsetting assessable income in tax.

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

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or l that is not a business combination and that, at the time of the transaction, affects neither the accounting r
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventu the reversal can be controlled and it is probable that the temporary difference will not reverse in the fores

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable Group or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 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 Company commencing from the time the asset is held ready for use.

Lab equipment	10-50%
Office equipment, fixtures and fittings	37.5% - 66.67%
Motor vehicle	18.75%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

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

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.

Note 2. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Financial Instruments
Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured at amortised cost using the effective interest method.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an Group will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an Group would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an Group’s statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018, as the company’s main revenue stream is R&D credits there is expected to be nil impact from adopting this standard.

Note 2. Significant accounting policies (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt AASB16 from 1 July 2019. The Group is currently determining the assets and liabilities that will need to be recognised under the standard. Whilst the Group has yet to prepare a detailed analysis of its impact, it does note that the financial statements will be reflective of a “right of use” asset for capitalisation in the statement of financial position. A liability corresponding to the capitalised lease will also be recognised.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
Equity-settled share-based compensation benefits, including the shares issued under performance plan as noted in note 12, are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 4. Revenue

	2018 $	2017 $
Research and development credits	1,880,453	1,817,243
Other		
Grant income	162,185	50,065
Interest	8,707	21,957
Sundry	51,882	-
Total revenue	2,103,227	1,889,265

Note 5. Segment Note

The Company operates in one segment, being the research, evaluation and commercialisation of biomarkers in the diagnosis and treatment of human disease in the Pan-Pacific region.

Note 6. Income Tax Expense

Tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the Company deriving future assessable income, conditions for deductibility imposed by law being complied with and no charge in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

Accumulated losses that may potentially be offset against future assessable income as at 30 June 2018 were $11,701,086 (30 June 2017 $9,783,375).

Note 7. Trade and other receivables

	2018 $	2017 $
Current		
Research and development credits receivable	1,889,648	1,817,243

Note 8. Plant and equipment

	2018 $	2017 $
Motor vehicles	35,549	35,549
Less: Accumulated depreciation	(27,176)	(24,386)
	8,373	11,163
Office equipment, fixtures and fittings	61,890	60,307
Less: Accumulated depreciation	(47,916)	(36,281)
	13,974	24,026
Laboratory equipment	562,335	541,116
Less: Accumulated depreciation	(441,605)	(403,034)
	120,730	138,082
	143,077	173,271

Note 9. Trade and other payables

	2018 $	2017 $
Trade payables	589,800	256,989
Accrued and sundry payables (1)	299,296	446,286
	889,096	703,275

(1) As at 30 June 2018 there were accruals of $35,062 owed to key management personnel in respect of accrued directors and consulting fees arising from transactions with the Company in the ordinary course of business (2017: $235,108).

Note 10. Borrowings

	2018 $	2017 $
R&D prepayment facility	1,370,000	-

The R&D prepayment facility is made available to assist the timing of research and development activity funds. The facility limit is $1,400,000, the undrawn balance on the facility at balance date is $30,000. The facility is secured against all present and after acquired property of the Company, including its rights to R&D tax offsets. Repayment date is on the first day after the Company's R&D tax offset claim is determined and paid out by the ATO. Interest is charged at 15% per annum on drawn and 5% per annum on all undrawn balances during the term of the facility. Interest is payable monthly in arrears.

Note 11. Employee benefits

	2018 $	2017 $
Current		
Annual leave	99,802	67,315
Long service leave	116,343	73,384
	216,145	140,699
Non-current		
Long service leave	4,316	27,692
	4,316	27,692
	220,461	168,391

Note 12. Issued Capital

	2018		2017	
	Qty	$	Qty	$
At the beginning of the reporting period	242,036,250	23,321,093	200,992,465	15,094,251
Issue or granting of ordinary fully paid shares	1,000,000	300,000	43,203,785	8,640,757
Shares issued in satisfaction of directors and consultant's fees		-	-	-
Capital raising costs		-	-	(413,915)
Shares issued under performance plan (1)	9,430,000	-	540,000	-
Share buyback and cancellation under the performance plan	(540,000)	-	(2,700,000)	-
At the end of the reporting period	251,926,250	23,621,093	242,036,250	23,321,093

(1) These shares were issued under the Company's Performance Share Plan for its employee and consultants. They are financed by the Company by limited recourse loans. The shares have all the rights and entitlements attached to ordinary shares, with the following exceptions:
  (a) Shares vest over 3 years subject to a "good leaver" discretionary clause, any employee who leaves within a period of 3 years from the date of issue of the shares waives any right to unvested shares, and those shares will be forfeited, to be cancelled from the Company's share register;
  (b) Any proceeds arising from dividends, capital returns or proceeds from wind-up will firstly be applied against the outstanding loan balance before being repatriated to the performance shareholder; and

Note 12. Issued Capital (continued)

(c) The outstanding loan becomes due and payable upon the earlier of a trade sale (whereby control of the Company is assumed by a majority shareholder) or quotation on a listed exchange market.

In assessing the accounting treatment of the transaction, the directors considered AASB 2 share-based payments, and determined that the arrangement constituted the granting of performance options to employees, where, subject to the criteria set out above, the employees have the entitlement to acquire the full economic benefit of the shares (being the right to unfettered dividend and capital return entitlements) by acquiring those shares at a price of 20 cents per share. A Black-Scholes option pricing model factoring in weighted average probabilities for the exercise of those shares was employed in determining the fair value of the arrangement that will vest to the reserve over the course of the 3-year service period. For the period ended 30 June 2018 this was $28,402 (30 June 2017: $155,167).

Ordinary shareholders participate in dividends and the proceeds on winding up in proportion to the number of shares held. At shareholder 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.

Note 13. Financial instruments and financial risk management

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

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

Liquidity Risk
Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Board of Directors monitors forecast cash flows to ensure that there is sufficient cash to meet commitments. This is achieved by the preparation from time to time of cash flow forecasts.

The Company is currently developing its diagnostic, imaging and therapeutic products and as a consequence is reliant on ongoing capital raising and government grants to meet its cash flow requirements. The Company has an overdraft facility of $50,000 which is secured by a charge over its bank deposits. All current financial liabilities have repayment terms of between 14 and 60 days.

Note 14. Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by, the auditor of the Company, and unrelated firms:

	2018 $	2017 $
Audit services – William Buck		
Auditing and reviewing the financial report	31,000	29,500
Other services – *William Buck*		
Taxation services	13,750	-

Note 15. Related party transactions

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

Note 16. Events after the reporting period

Since the end of the year the Company transferred its therapeutic assets to its fully owned subsidiary, GlyTherix Ltd. Subsequent to that transfer and following shareholder approval GlyTherix Ltd has been demerged from the Company. The demerger was effected by an *in specie* dividend of GlyTherix Ltd shares to the Company's shareholders.

Note 17. Reconciliation of loss after income tax to net cash used in operating activities

	2018 $	2017 $
Loss after income tax expense for the year	(4,078,351)	(4,197,811)
Non-cash flows in profit		
Depreciation	52,995	34,526
Share-based payments	28,402	155,167
Movements in working capital		
(Increase)/decrease in trade receivables and other assets	(72,405)	(511,792)
Increase/(decrease) in trade and other payables	185,815	(122,412)
Increase/(decrease) in provisions	52,075	(143,201)
Net cash used in operating activities	(3,831,469)	(4,785,523)

Note 18. Contingent liabilities & commitments

The Company currently has no contingent liabilities or commitments at the date of signing this report.

19. Key management personnel

Details of Key Management Personnel

(i) Directors

Stewart Washer	Chairman
Brad Walsh	Chief Executive Officer
Raymore Millard	Non-Executive Director
Xueling Huang	Non-Executive Director
David Burdis	Chief Operating and Financial Officer, Company Secretary

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

Director/Executive	Balance 1 July 2017	Note 1	Net change - Other	Balance 30 June 2018
Dr Stewart Washer	1,530,139	500,000		2,030,139
Dr Brad Walsh	12,454,086	2,500,000		14,954,086
Raymore Millard	20,816,102	500,000	(5,950,542)	15,365,560
Xueliang Huang	33,783,785	-		33,783,785
David Burdis	8,871,852	1,500,000	-	10,371,852

Note 1 – these shares were issued on 15 March 2018 under the Company's share performance plan for its employees, which are financed by the Company to its employees through limited recourse loans. Refer to Note 12 which describes the plan and its accounting treatment in detail.

Net change – Other represents shares acquired/(sold)

(ii) Key management personnel compensation

	2018 $	2017 $
Short-term employee benefits (1)	774,696	770,467
Share based payments	34,743	96,154
Post-employment benefits	38,960	52,485
	848,400	919,106

(1) Short-term employee benefits include the share performance plan, directors' fees, salary and wages and consulting services rendered in the capacity as a key management personnel and include fees earned through interposed entities.

20. Transactions with related parties

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

21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	2017 %
GlyTherix Ltd	Australia	100%	-
GlyP Holdings Pty Limited	Australia	50%	-
GlyP Operations Pty Limited	Australia	50%	-

Minomic International Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

17 October 2018

Minomic International Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Minomic International Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to note 2, in the financial report which describes that during the year ended 30 June 2018 the Group incurred a net loss of $4,078,351 and net cash outflows from operations of $3,831,468. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

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

N. S Benbow
Director

Dated this 17th day of October, 2018