Minomic International Ltd

ABN 14 124 455 081

Annual Report - 30 June 2020

Minomic International Ltd
Corporate directory
30 June 2020

Directors	Dr. Brad Walsh Raymore Millard David Burdis
Clinical advisory panel	Dr David Gillatt (Chairman) Professor Daniel Chan Dr. Neal Shore Professor Mark Emberton Professor John Babich
Company secretary	David Burdis
Registered office and principal place of business	Suite 2, Ground Floor 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
Contact information	Ph: (02) 9850 4000 Website: www.minomic.com

Minomic International Ltd
Directors' report
30 June 2020

The directors of Minomic International Ltd (the "Company" or "Minomic") present their report, together with the financial statements on behalf of the Company for the year ended 30 June 2020.

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.

Dr Brad Walsh CEO	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 ground-breaking 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.
Mr David Burdis Chief Operating and Financial Officer (appointed 24 June 2020)	David Burdis is a seasoned financial professional having worked in the telecommunications, chemical, and financial services industries. He has held various senior/board positions, for both listed and unlisted companies, in Australia, the UK and Hong Kong, including Swire Blanch Limited and OAMPS Limited. His extensive consulting background includes provision of services to industry and government as well as expert witness evidence.
Raymore Millard Non-Executive Director	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 Non-Executive Director (resigned 7 January 2020)	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.

Minomic International Ltd
Directors' report
30 June 2020

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. Brad Walsh	14,954,086	-
David Burdis	10,371,852	-
Raymore Millard	11,717,393	-

Principal activities
Minomic International Ltd is an Australian immuno-oncology company that has developed an in vitro diagnostic test for the early detection of prostate cancer. The test, known as MiCheck® detects biomarkers present in the blood of patients. The company is currently undertaking the commercialisation of the MiCheck® test as well as its ongoing research and development activities.

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	No. of meetings possible to attend	No. of meetings attended
Dr. Brad Walsh	4	4
David Burdis	1	1
Raymore Millard	4	4
Xueliang Huang	2	2

Review of operations
The loss for the company after providing for income tax amounted to $520,175 (30 June 2019: profit of $5,869,599).

Commercialisation of MiCheck®

The Company is continuing its efforts to commercialise its MiCheck® test. The company's original plans were to commercialise the test in the US market first but the advent of COVID-19 made this challenging given the difficulties of overseas travel. The company therefore pivoted its focus to launching the MiCheck® test in Australia and recently appointed senior diagnostic marketing executive, Mr David Basseal, as Chief Commercialization Officer. David has 20 years of experience in managing multi-million dollar sales budgets within multinational diagnostics corporations including Roche, Becton Dickinson and Bio-Rad Laboratories. He has a strong track record in developing strategic plans and has had full P&L responsibility, created high performance teams and led transformations to deliver growth well beyond market rates. He is also Chairman of the Australian diagnostics industry association, Pathology Technology Australia.

In Australia we are currently in discussion with some large diagnostic providers regarding a strategic business relationship to offer the MiCheck® test via their laboratory networks. As part of this process, we have established initial sample testing through a Sydney based urology practice and have tested our first patient samples. We are also in preliminary discussions regarding establishment of MiCheck® testing via a Melbourne based urology practice.

In the US, the company is still progressing its planned commercialisation activities with a core US based strategic marketing team in place ready to implement our roll-out plans as soon as soon as funds become available. We previously reported plans to market MiCheck® in the US via our non-exclusive licensee, CirrusDX, however they have mobilised their available resources to provide COVID-19 testing. We have therefore entered into discussion with a number of other CLIA labs about offering the MiCheck® test and are also investigating the acquisition of our own CLIA lab (subject to funding). Our independent primary market research and health economic modelling demonstrate tremendous potential for the MiCheck® test in the US market which we are keen to exploit as soon as possible.

In addition, we are also continuing our discussions with other prospective licensees in the US and Europe with related activities ongoing. We are also developing our Early Adopter Program with those US urology practices who will start to use the MiCheck® test when it is available.

Capital Raising
The company is actively seeking capital to fund its commercialisation activities in Australia and the United States as well as the commencement of China market entry. Entry into the China market will require a small bridging study and a formal trial for National Medical Products Administration (formerly known as Chinese FDA) registration. We are also looking to progress our CE Mark registration as this is viewed favourably by investors. The company has appointed Fortune Financial Capital Limited, Hong Kong to act as Financial Advisors to assist raise the necessary capital for the company.

Collaborations
Our collaborations with highly regarded researchers at Macquarie University, University of Technology Sydney, University of South Australia are ongoing and are expected to develop further intellectual property and product pipeline.

Intellectual Property
As indicated previously much of the Company's patent estate is now in country phase. Patents have been granted in the US, Singapore, Japan, China and Europe with 62 patents in total granted to date from our six patent families. Our ongoing research and development efforts are expected to generate further patents in the coming year.

Publications
The Company has, and will continue to prepare, papers for publication in peer reviewed journals as well as posters to be presented at relevant scientific conferences.

Below is a list of the publications published since the last annual report:

> N. D. Shore et al., "Development and evaluation of the MiCheck test for aggressive prostate cancer," Urol. Oncol. Semin. Orig. Investig, 2020:38, 683e11-683e18
>
> N. D. Shore et al., "A comparison of Prostate Health Index, total PSA, %free PSA and pro2PSA in a contemporary US population - the MiCheck-01 prospective trial," Urol. Oncol. Semin. Orig. Investig, 2020:38, 683e1-683e10
>
> A. S. Rzhevskiy et al., "Rapid and Label-Free Isolation of Tumour Cells from the Urine of Patients with Localised Prostate Cancer Using Inertial Microfluidics," Cancers (Basel), 2020:12 (1):81-92

Further papers are currently being finalised for submission to peer reviewed journals for publishing.

Additional Director/s
Mr Xueliang Huang resigned as a director of the company at the last AGM. We would like to take this opportunity to thank him for his input since his appointment in 2016. We subsequently appointed Mr David Burdis to the board. He has considerable experience with Minomic's development and has previously served on the company's board. It remains the company's intention to appoint additional directors with appropriate skills and experience as soon as possible.

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company 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 company.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Options and performance shares

There are 1,250,000 options outstanding at the date of this report. Each option entitles the option holder to acquire one ordinary share at $0.10 per share. The options expire in February 2022.

As at the date of this report there are 22,587,285 performance shares on issue. Of these performance shares 17,118,951 have fully vested at the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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 12 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:

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

28 January 2021

William Buck

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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

Melbourne, 29 January 2021

ACCOUNTANTS & ADVISORS
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General information

The financial statements cover Minomic International Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Minomic International Ltd's functional and presentation currency.

Minomic International Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Ground Floor
75 Talavera Road
Macquarie Park NSW 2113

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 January 2021. The directors have the power to amend and reissue the financial statements.

Minomic International Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue			
Research and development credits		542,228	628,943
Gain on sale		-	8,091,722
Other income		19,969	51,303
Research fee income	12	76,461	
Sales income		43,321	-
Other Government grants		207,950	-
Interest Income		62,631	86,071
Expenses			
Corporate and administration		(261,813)	(722,255)
Depreciation		(17,524)	(28,001)
Employee benefits		(896,924)	(1,309,576)
Finance costs		(170,245)	(29,871)
Research and development		(126,229)	(898,737)
Profit/(loss) before income tax expense		(520,175)	5,869,599
Income tax expense	3	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Minomic International Ltd		(520,175)	5,869,599
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Minomic International Ltd		(520,175)	5,869,599
Basic earnings/(loss) per share	17	(0.002)	0.02
Diluted earnings/(loss) per share	17	(0.002)	0.02

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 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents		19,115	90,025
Trade and other receivables	4	595,003	628,945
Loan to GlyTherix Ltd	5	2,516,795	2,131,061
Total current assets		3,130,913	2,850,031
Non-current assets			
Other non-current assets		2	2
Plant and equipment		86,685	113,752
Total non-current assets		86,687	113,754
Total assets		3,217,600	2,963,785
Liabilities			
Current liabilities			
Trade and other payables	6	1,605,479	1,730,666
Borrowings	7	1,260,391	850,000
Provisions	8	252,078	257,561
Total current liabilities		3,117,948	2,838,227
Non-current liabilities			
Provisions		-	2,793
Total non-current liabilities		-	2,793
Total liabilities		3,117,948	2,841,020
Net assets		99,652	122,765
Equity			
Issued capital	9	24,924,143	24,551,861
Reserves	10	574,589	449,809
Accumulated losses		(25,399,080)	(24,878,905)
Total equity		99,652	122,765

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 2020

	Issued capital $	Performance shares reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	23,621,093	373,476	(23,706,782)	287,787
Profit after income tax expense for the year	-	-	5,869,599	5,869,599
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	5,869,599	5,869,599
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	930,768	-	-	930,768
Vesting charge for share based payments	-	76,333	-	76,333
Special dividend paid	-	-	(7,041,722)	(7,041,722)
Balance at 30 June 2019	24,551,861	449,809	(24,878,905)	122,765

	Issued capital $	Performance shares reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	24,551,861	449,809	(24,878,905)	122,765
Loss after income tax expense for the year	-	-	(520,175)	(520,175)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(520,175)	(520,175)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	372,282	-	-	-
Vesting charge for share based payments	-	124,780	-	124,780
Balance at 30 June 2020	24,924,143	574,589	(25,399,080)	99,652

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 2020

	Note	2020 $	2019 $	
Cash flows from operating activities				
Proceed from research and development credits from ATO		628,197	1,889,648	
Proceeds from government grants		207,950	54,534	
Proceeds from customers		128,751	12,816	
Payments to suppliers and employees		(1,730,410)	(2,928,088)	
Interest received		62,631	86,071	
Interest paid		(170,245)	(156,601)	
Net cash used in operating activities		(863,126)	(1,041,620)	
Cash flows from investing activities				
Payments for plant and equipment		(9,543)	(13,742)	
Net cash used in investing activities		(9,543)	(13,742)	
Cash flows from financing activities				
Proceeds from issue of shares	9	253,210	930,768	
Proceeds from shareholder loan		700,000	-	
Proceeds from convertible notes		219,072	-	
Research and development loan proceeds/(repayments)		(389,609)	(520,000)	
Net cash from financing activities		782,673	410,768	
Net decrease in cash and cash equivalents		(70,910)	(644,594)	(2
Cash and cash equivalents at the beginning of the financial year		90,025	734,619	2
Cash and cash equivalents at the end of the financial year		19,115	90,025	

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

Note 1. 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 company 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, in particular AASB16. There has not been anu impact on the adoption of AASB16, as the company's lease agreements were short-term and the company elected to apply the short-term lease exemption. No new lease agreements were entered into during the year.

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

Going concern
These financial statements have been prepared on a going concern basis, notwithstanding that for the year ended 30 June 2020 the Company generated a net loss of $520,175, cash outflows from operations were $863,126, and at 30 June 2020 the Company had a working capital surplus of $12,965.

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.

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.

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 2.

Revenue recognition
The company recognises revenue as follows:

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. This includes licence income.

Interest
Interest 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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Government research and development credits
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.

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 liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax 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 entity 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.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

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.

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.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

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 are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of 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 non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

When convertible notes have a variable conversion option, this is treated as a derivative financial liability in the statement of financial position. This derivative is reflected at its fair value in subsequent financial reporting periods on the statement of financial position, with change in the fair value of the derivative taken to profit or loss.

When the conversion option is for a fixed number of shares, the principal liability is recorded at fair value and any difference between this principal fair value and the consideration received for the convertible note taken to equity.

Over the course of the life of the convertible note, the difference between the initial fair value recognised for the note and its face value is amortised back onto the statement of financial position using the effective interest rate as a finance cost.

Note 1. Significant accounting policies (continued)

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.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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 company for the annual reporting period ended 30 June 2020. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair values is determined using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Convertible notes
As set out in Note 7, the Company issued convertible notes with fixed conversion entitlements. Upon initial recognition, and in-accordance with its accounting policy for such instruments, the directors considered what the fair value was of the convertible notes. In the absence of any reliable market data for similar debt instruments for companies similar to the Company, the directors considered that the most appropriate fair value of the convertible notes was their face value.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Income tax expense/(benefit)

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.

Losses that may potentially be offset against future assessable income as at 30 June 2020 were $12,636,829 (30 June 2019: $12,874,299)

Note 4. Current assets - trade and other receivables

	2020 $	2019 $
Trade receivables	3,079	1
Research and development credits receivable	542,974	628,944
Government grants receivable	48,950	-
	595,003	628,945

Note 5. Current assets - Loan to GlyTherix Ltd (continued)

Note 5. Current assets - Loan to GlyTherix Ltd

	2020 $	2019 $
Loan to GlyTherix Ltd	2,516,795	2,131,061

The Company undertook the following internal restructuring steps in order to implement and complete the demerger of GlyTherix Limited:

1. Incorporation of the following companies

    a. GlyTherix Limited ACN 621 291 996
    b. GlyP Holdings Pty Limited ACN 622 546 522 (the company and GlyTherix each hold 50% of the shares in GlyP Holdings); and
    c. GlyP Operations Pty Limited ACN 622 547 782 (a wholly owned subsidiary of GlyP Holdings).

2. The company transferred its therapeutics business and assets (including the intellectual property used exclusively in that business) to GlyTherix. The company retained the diagnostic business and any intellectual property used exclusively in that business.

3. The company transferred the joint intellectual property (i.e. the intellectual property used in both the diagnostic and therapeutic businesses) (Joint IP) to GlyP Holdings.

4. GlyP Holdings then licenced the Joint IP to GlyP Operations, who entered in sub-licence agreements with the Company and GlyTherix in respect of the Joint IP.

Under the terms of the Business and Asset transfer deed the company may also provide Contract Research Services to GlyTherix. These services are provided at cost. The company has provided a loan facility to GlyTherix to cover these costs until such time as it has raised funds from third party investors. This loan attracts interest at the benchmark interest rate under section 109N(2) of the Income tax Assessment Act 1936 (Cth).

	2020 $	2019 $
Balance at 1 July	2,131,061	-
Fair market value - Business and Asset transfer deed debt	-	1,050,000
Additional advances	922,500	1,823,000
Contract Research Services on-charged	896,673	1,503,149
Interest	62,631	86,071
Other	(63,707)	(46,169)
Repayments	(1,432,363)	(2,284,990)
	2,516,795	2,131,061

Note 7. Current liabilities – borrowings (continued)

Note 6. Current liabilities - trade and other payables

	2020 $	2019 $
Trade payables	1,153,061	668,480
Accrued and sundry payables	452,418	1,062,186
	1,605,479	1,730,666

As at 30 June 2020 there were accruals of $48,650 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 (2019: $187,589)

Note 7. Current liabilities - borrowings

	2020 $	2019 $
R&D prepayment facility(1)	460,391	850,000
Loans from Shareholders(2)	700,000	-
Convertible notes payable(3)	100,000	-
	1,260,391	850,000

(1) The R&D prepayment facility is made available to assist the timing of research and development activity funds. The facility limit is $1,000,000, the undrawn balance on the facility at balance date was $539,609. 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 1.25% per annum on drawn and 5% per annum on all undrawn balances during the term of the facility. Interest is payable monthly in arrears.

(2) Consists of two shareholder loans. A $500,00 loan is secured by a fixed and floating charge over the assets of the entity with interest charged monthly at a fixed rate of 20% per annum. There is also a $200k loan which has no security or interest charges. Neither loan has equity conversion features.

(3) Two convertible notes were issued in the period. The first convertible note agreement was for 119,072 convertible notes. Each note can be converted into ordinary shares of the company at the sole option of the noteholder at $0.30 per ordinary share. The agreement has an expiry date of 1 March 2021 with an interest rate of 4.5% per annum on notes outstanding. These notes were converted during the year.

The second note agreement is for 100,000 convertible notes. Each note can be converted into ordinary shares of the company at the sole option of the noteholder at $0.30 per ordinary share. The agreement has an expiry date of 1 March 2021 with an interest rate of 4.5% per annum on notes outstanding. These remain on issue at 30 June 2020.

Note 8. Current liabilities - provisions

	2020 $	2019 $
Current		
Annual leave	132,613	132,618
Long service leave	119,465	124,943
	252,078	257,561
Non-current		
Long service leave	-	2,793
	252,078	260,354

Note 9. Equity - issued capital

	2020 Shares	2020 $	2019 Shares	2019 $
At the beginning of the reporting period	253,363,209	24,551,861	251,926,250	23,621,093
Issue of granting of ordinary fully paid shares	1,261,525	253,250	3,256,959	930,768
Issue of shares on conversion of convertible note	1,190,320	119,032	-	-
Shares issued under performance plan	740,000	-	-	-
Share buyback and cancellation under the performance plan	-	-	(1,820,000)	-
	256,555,054	24,924,143	253,363,209	24,551,861

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - reserves

	2020 $	2019 $
Performance shares reserve	574,589	449,809

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

In assessing the accounting treatment of the transaction, the directors considered AASB2 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 12.5 - 30 cents per shares. A Black-Scholes options 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 2020 this was $119,628 (30 June 2019: $76,333)

Note 11. Financial instruments and financial risk management

Financial risk management objectives
The Company's financial instruments consist mainly of deposits with banks, accounts receivable, Glytherix loan, R&D loan and accounts payable. The Board of Directors are responsible for monitoring and managing financial risk exposures of the Company.

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Specific Financial Risk Exposures and Management
The significant risks the Company is exposed to through its financial instruments are detailed below. 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.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 13. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has a credit risk exposure in relation to the GlyTherix loan, which as at 30 June 2020 owed the Company $2,516,795 (2019: $2,131,061). On initial recognition of this loan at fair value the Directors applied a 30% discount on the debt to reflect the associated credit risk given that the debt is only repayable once GlyTherix raises appropriate funding. This balance is within its terms of trade and no impairment was made as at 30 June 2020. There are no guarantees against this receivable, but management regularly monitors the receivable balance by reviewing the financial performance and position of Glytherix, including its prospects for future capital raising. Based upon this analysis, there has been no adjustment made to the 30% provision adjustment that was made initially with the loan.

Interest rate risk
The Company's main interest rate risk arises from the GlyTherix Loan. The Contract Research services component of the loan attracts interest at the benchmark interest rate under section 109N(2) of the Income Tax Assessment Act 1936 (Cth) This variable rate exposes the company to interest rate risk, with changes to this rate impacting on the cashflow of the company. The company has assessed this risk to not have a material impact.

Note 12. Research fee income

During the year, research fee income of $76k was earnt as a result of entering into a contract with a third party in relation to developing a diagnostic test for the early diagnosis of prostate cancer. This contract gives the third party the option to license the test on an exclusive basis once the final form of the algorithm for the test has been confirmed, with terms and conditions agreed upon at such time the option is exercised.

Note 13. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	2020 $	2019 $
Audit services - William Buck		
Audit of the financial statements	20,000	22,000
Other services - William Buck		
Taxation services	-	1,760
	20,000	23,760

Note 14. Related party transactions

Parent entity
Minomic International Ltd is the parent entity.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
Details of the loan to GlyTherix is detailed in note 5**.**

Note 15. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 16. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2020 $	2019 $
Loss after income tax expense for the year	(520,175)	(4,078,351)
Non-cash flows in profit		
Gain on sale	-	(8,091,722)
Depreciation	17,524	43,067
Share-based payments	119,628	76,333
Other non-cash items	(46,879)	-
Movements in working capital		
(Increase)/decrease in trade receivables and other assets	(299,761)	179,640
Increase/(decrease) in trade and other payables	(125,187)	841,570
Increase/(decrease) in provisions	(8,276)	39,893
Net cash used in operating activities	(863,126)	(1,041,620)

Note 17. Earnings/loss per share

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

	2020	2019
Net profit/(loss) attributable to ordinary equity holders (used in calculating basic and diluted EPS)	(520,175)	5,869,599
Weighted average number of ordinary shares for the purpose of basic earnings per share	254,484,095	251,929,706
Adjustments for calculation of diluted earnings per share		
Options over ordinary shares	-	12,417,285
Weighted average number of ordinary shares used in calculating diluted earnings per share	-	264,346,991

Note 18. Contingent liabilities & commitments

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

Note 17. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities (continued)

Note 19. Key management personnel

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Details of Key Management Personnel

(i) Directors

Brad Walsh	Chief Executive Officer
Raymore Millard	Non-Executive Director
Xueliang Huang (resigned 7 January 2020)	Non-Executive Director
David Burdis	Chief Operating and Financial Officer, Company Secretary

(ii) Key management personnel compensation

	2020	2019
	$	$
Short term employment benefits [(1)]	613,920	645,073
Share based payments	28,317	14,509
Post-employment benefits	53,579	29,326
	695,816	688,908

[(1)] Short-term employee benefits include 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.

Note 20. Transactions with related parties

Details of specific transactions and balances with related parties have been disclosed throughout these financial statements including the transactions with Glytherix Ltd detailed at note 5. Unless otherwise stated, all transactions and balances have occurred on an arm's length terms.

Note 21. Interest in related entities

Name	Principal placed of business/ Country of incorporation	Ownership interest 2020	Ownership interest 2019
		%	%
GlyP Holdings Pty Limited	Australia	50%	50%
GlyP Operations Pty Limited	Australia	50%	50%

Minomic International Ltd
Directors' declaration
30 June 2020

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 1 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 2020 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

BJWalsh

28 January 2021

Minomic International Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Minomic International Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the 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 Company, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 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 Company 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 (including Independence Standards)* (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 1, in the financial report which describes that during the year ended 30 June 2020 the Company generated a net loss of $520,175, cash outflows from operations were $863,126, and at 30 June 2020 the Company had a working capital surplus of $12,965. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, 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.

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 Company's annual report for the year ended 30 June 2020, 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 Company 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 Company 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.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 29th day of January, 2021.