

## **APPENDIX 4E**

### **Preliminary final report** **Year ending 30 June 2014**

#### **1. Reporting Period**

The financial information contained in this report is for the year ended 30 June 2014. The previous corresponding period was the year ended 30 June 2013.

#### **2. Results for announcement to the market**

				<b>A\$'000</b>
<b>Revenue</b> from continuing activities	<b>Up</b>	<b>1,117%</b>	<b>to</b>	<b>482</b>
<b>Revenue</b> and other income from continuing activities	<b>Up</b>	<b>63%</b>	<b>to</b>	<b>482</b>
<b>Profit</b> from continuing activities after tax attributable to members	<b>Up</b>	<b>160%</b>	<b>to</b>	<b>80</b>
<b>Profit</b> for the year attributable to members	<b>Up</b>	<b>160%</b>	<b>to</b>	<b>80</b>
<b>Dividends:</b> No dividends are being proposed or have been paid	<b>Nil</b>	<b>Nil</b>		<b>Nil</b>

#### **3. Commentary related to the above results**

- The net profit from continuing operations was 160% higher at \$0.079 million (2013: loss \$(0.132) million) as the Company earned revenue from licensing its intellectual property and continues to carefully manage costs.
- Revenue from continuing operations increased by 1,117% due to the recognition of revenues from the licencing of its intellectual property.
- A decrease in expenses from continuing operations reflects the continuing focus of the Company on cost containment. Over the full period:
  - Corporate and administrative expenses decreased by 21% to \$0.35 million (2013: \$0.44 million).
  - Patent costs decreased by 44% to \$0.02 million (2013: \$0.04 million) reflecting the maturity of the Company's patent portfolio and the transfer of costs to licensing partners.

#### **4. Net Tangible Asset (NTA) backing per share**

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Net tangible assets per ordinary share	<b>0.001</b>	0.001

#### **5. Audited Financial Report 2014**

This report has been based on accounts which have been audited. A copy of the audited financial report and directors' report for the year ended 30 June 2014 is attached to this report and should be read in conjunction with this Appendix 4E.

The Directors of Tyrian Diagnostics Limited (the "Company") present their report on the Company for the year ending 30 June 2014 ("2014").

The following persons were directors of the Company during the whole of the financial year and until the date of this report:

Roger Amos  
Caroline Popper  
Marilyn Sleigh

### **Directors and Company Secretary**

#### **ROGER AMOS FCA FAICD**

(Independent Non-Executive Chairman)

Roger was appointed to the Board in June 2007 and became Chairman six months later. Roger is an independent director of REA Group Limited, Enero Group Limited and 3P Learning Limited. He was a director until May 2012 of Austar United Communications Limited. He was Chairman of Opera Foundation Australia from 2009 to 2014 and is a Governor of the Cerebral Palsy Alliance Research Foundation. He previously had a long and distinguished career with the international accounting firm KPMG, retiring in June 2006 after 25 years as a partner.

#### **MERILYN SLEIGH FAICD PhD Dip Corp Man**

(Independent Non-Executive Director)

Marilyn Sleigh was appointed to the Board in November 2008, chairs the Audit Committee, and is a member of the Remuneration Committee. Marilyn initially had a successful career as a scientific researcher and research manager with CSIRO. Since that time she has gained extensive experience in all aspects of the development of a successful biotechnology company. She was previously Research Director for Peptech Ltd and from 2001 to 2007 was CEO and managing director of EvoGenix Ltd. EvoGenix, initially a venture capital-backed start-up company, listed on the ASX in 2005 and in 2007 was sold to a larger company to form Arana Therapeutics. Current non-executive directorships are held with Clover Corporation Ltd, the Rural Industries Research and Development Council, Intersect Australia Limited and Relationships Australia (NSW). Marilyn acts as an advisor on science commercialisation with the Garvan Institute for Medical Research in Sydney.

#### **CAROLINE POPPER MD MPH**

(Independent Non-Executive Director)

Dr Caroline Popper, a US-based specialist bioscience executive, was appointed to the board in December 2007. Caroline, the president and co-founder of Popper and Company, has 16 years of hands-on biotech/life sciences operating experience. An internist and pathologist, she combines this perspective with that gained from managing a wide spectrum of life sciences businesses in diagnostics, devices and drug discovery. Her business management experience in both Fortune 500 and start-up settings and extensive track record creating strategic and business partnerships in the biotech arena is the key to the perspective she provides to her clients. In a 10-year career at Becton Dickinson (NYSE: BDX), Caroline's global responsibilities included clinical affairs, marketing, strategy, and business development. She was the founding General Manager of BDGene; a start-up focused, with its partner Millennium Pharmaceuticals, on development of novel cancer diagnostics. From 2000 to 2002, she was the Chief Business Officer for MDS Proteomics, a drug discovery company with operations in the US, Canada and Europe.

#### **ANDREW BLUNDEN FCA MAICD**

(Company Secretary, Chief Financial Officer)

Andrew is a Fellow of the Institute of Chartered Accountants in Australia. He has over 23 years' experience as Chief Financial Officer, Company Secretary and Director with both publicly listed and privately owned organisations. He has held executive positions with such companies as Sonic Healthcare Ltd, Computershare Ltd, LAN Systems Pty Ltd and Serco Australia Ltd. He is the founding director of the not-for-profit business association, Pittwater Business Limited and, through his company, Part Time Professionals Pty Ltd, assists companies source contracted company secretarial and CFO services throughout Australia.

## Board and committee meetings

	Board		Audit		Remuneration & Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Roger Amos	9	9	3	3	-	-
Caroline Popper	9	7	-	-	-	-
Merilyn Sleigh	9	9	3	3	-	-

## Directors' interests in the shares, options and performance rights of the company

At the date of this Report, directors' interests, including their personally related entities, in shares of Tyrian Diagnostics Limited are as follows:

Director	Ordinary Shares
Roger Amos	8,166,086
Caroline Popper	-
Merilyn Sleigh	600,000

Shareholdings of directors and specified executives include those that have been disclosed under representation made to them by personally related entities. The directors and specified executives have relied upon the representations made as they have no control or influence over the financial affairs of the personally related entities to substantiate the holdings declared. When a personally related entity declines to provide shareholding details, the shareholding of that personally related entity is assumed to be nil, unless the company is aware of information indicating otherwise.

## Principal activities

The principal continuing activities of the entity consist of:

- a) Business development activities related to the commercialisation of the company's TB intellectual property including engaging with suitable partners to licence the company's patented molecular TB biomarker for development and commercialisation of tests to diagnose active TB;
- b) Seeking and engaging with partners to further develop the company's proprietary DiagnostIQ platform for diagnostic testing;
- c) Implementation of a corporate restructure to achieve immediate reduction of operating costs and ongoing review of company's strategic options. During the year the company has been actively involved in assessing a number of opportunities to maximise the value of the company's assets for the benefit of shareholders.

## Review of operations

### Results

Revenue from continuing operations and other income generated by the Company for the year ended 30 June 2014 was \$482,194 (2013: \$295,361). The net profit after tax attributable to equity holders of the Parent entity for the year ended 30 June 2014 was \$79,709 (2013: Loss \$(132,360)).

### Earnings per share

	2014 cents	2013 cents
<b>For profit/(loss) attributable to ordinary equity holders of the Company</b>		
Basic profit/(loss) per share	0.0	(0.0)
Diluted profit/(loss) per share	0.0	(0.0)
<b>For profit/(loss) from continuing operations attributable to ordinary equity holders of the Company</b>		
Basic profit/(loss) per share	0.0	(0.0)
Diluted profit/(loss) per share	0.0	(0.0)

### **Dividends – Tyrian Diagnostics Limited**

No dividends were paid or provided for during the financial year and no dividend is recommended in respect of the year (2013 - \$nil).

### **Cash used in operations**

Net cash outflows from operating activities for the financial year decreased significantly to \$99,673 (2013: \$157,090). The Company's continued focus on limiting activities to technology commercialisation opportunities and reducing the fixed cost base (including transferring some patent costs to licencing partners) has helped to further reduce operating cash outflows from 2013 levels.

### **Operations review**

#### ***Strategic Opportunities***

The company, working with its advisors, TC Corporate has been actively involved in identifying and assessing a number of corporate opportunities to maximise the value of the company's remaining assets for the benefit of shareholders.

#### ***Commercialising the TB Intellectual Property***

Tyrian continues in its management of licences of its TB intellectual property for rapid protein and molecular diagnostic tests to companies developing new point-of-care diagnostic platforms with higher sensitivity of detection than current technologies.

#### ***Commercialising Tyrian's DiagnostIQ Technology***

During 2012, Tyrian engaged with advisors to seek licensees for the company's proprietary DiagnostIQ technology for rapid and simple diagnostic testing. As a result of these efforts, agreement was reached with Australian diagnostic company Agenix Limited for a licence to the use of DiagnostIQ for medical applications. Terms for the licence require payment to Tyrian of Agenix shares, valued at a total of \$500,000 at time of issue. Shares were issued to Tyrian in instalments up to June 2014.

The licensing contract took effect upon the meeting of certain criteria by Agenix Limited which, in July 2013, had been satisfied. As such, monies received by Tyrian prior to July 2013 were treated as deferred revenue and in July 2013 the deferred revenue balance was transferred to revenue. Income from receipt and sale of shares in Agenix Limited has resulted in Tyrian reporting a profit for the year ended 30 June 2014.

### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company and the Group during the year ended 30 June 2014.

### **Matters subsequent to the end of the financial year**

Since the end of the financial year, the directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### **Likely developments and expected results of operations**

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

### **Indemnification and insurance of directors, officers and auditors**

Under the Company's constitution, the Company must indemnify current and past directors, secretaries and officers against any liabilities incurred by that person in or arising out of the conduct of the business of the Company or the discharge of that person's duties. The Company has entered into a deed with each Director, the former Chief Executive Officer and the former Chief Financial Officer whereby the Company:

- indemnifies the director or officer against all liabilities (including legal costs in defending proceedings) incurred by the director or officer in, or arising out of:

- (a) the conduct of the business of the Company or of a Subsidiary; or
  - (b) any act or omission of the director or officer in their capacity as a director of the Company or a subsidiary of the Company
- must maintain an insurance policy against any liability incurred by the director or officer in their capacity as an officer during that person's term of office and for seven years after that.

Certain matters are excluded from the indemnity, including those matters prescribed by the *Corporations Act 2001* or any liability arising from the gross negligence, wilful misconduct, bad faith or fraud of a director or officer.

No liability has arisen under these indemnities to the Company's knowledge as at the date of this report.

During the financial year, Tyrian Diagnostics Limited paid a premium of \$27,474 insuring all the directors and officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300(8) of the *Corporations Act 2001*. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

Tyrian Diagnostics Limited has entered into an agreement to indemnify the auditor, PricewaterhouseCoopers, other PricewaterhouseCoopers Firms and their respective partners and employees from and against any liabilities, losses, claims, costs, damages or expenses (or actions that may be asserted by any third party) that may result from any third party claims arising out of or in relation to the provision of their services as auditor of Tyrian Diagnostics Limited, unless prohibited by the *Corporations Act 2001* or the regulations of the US Securities & Exchange Commission. Tyrian Diagnostics Limited has also agreed to indemnify PricewaterhouseCoopers, other PricewaterhouseCoopers Firms and their respective partners, directors and employees against all costs and expenses (including legal fees on a solicitor/client basis) incurred by PricewaterhouseCoopers in connection with any such action or claim within the scope of this indemnity.

#### **Share options**

As at the date of this report, there were no options over the Company's ordinary shares on issue (nil at reporting date).

During the financial year:

- no listed options were issued;
- no shares were issued in satisfaction of rights that had vested from these options;
- 199,006,544 options expired.

Between 1 July 2014 and the date of this report:

- no options were granted to employees of the company;
- no shares were issued in satisfaction of rights that had vested from these options;
- no options were forfeited.

#### **Performance rights**

As at the date of this report, there were no performance rights over the Company's ordinary shares on issue (nil at reporting date).

## Remuneration report

This report provides a summary of the Company's policy for determining remuneration for directors and senior executives. The remuneration report includes a discussion of the role of the Remuneration & Nominations Committee and details of the nature and amount of remuneration for each director and each of the five most highly remunerated named executives.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

### Remuneration & Nominations Committee

The Remuneration & Nominations Committee operates under the delegated authority of the Board. The Remuneration & Nominations Committee makes recommendations to the Board on matters including:

- appropriate remuneration policies with respect to the CEO, executives, senior managers and non-executive directors;
- determination of rewards (cash and equity based) to the CEO and approval of rewards to executives and senior managers;
- the adoption of incentive schemes designed to enhance corporate and individual performance; and
- retention strategies for executives and senior managers.

The members of the Remuneration & Nominations Committee are Marilyn Sleigh and Roger Amos. The Remuneration & Nominations Committee conducted no meetings during the year.

#### A Principles used to determine the nature and amount of remuneration

The Company's remuneration policy is designed to meet best practice guidelines for public companies, appropriately adapted to the circumstances of a biotechnology company and to the special circumstances affecting the Company at its current stage of development. The Company seeks to offer its executives and senior managers remuneration packages that are competitive against comparable Australian biotechnology companies. The executive remuneration policy seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders, and to conform to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive reward with performance and creation of shareholder value.

#### Directors fees

Executive directors do not receive any fees for their services as directors in addition to their executive remuneration. Non-executive directors receive a fixed fee for their services as directors and are not paid additional fees for participation in board committees. Non-executive directors do not participate in any incentive plans available to executives.

The maximum annual aggregate total remuneration for non-executive directors is approved by shareholders. At the 2004 annual general meeting this maximum amount was set at \$350,000 per annum. In 2014, the Company paid non-executive directors a total of \$105,000 (2013 - \$105,000). Details of the fees paid are set out in the table on page 7.

#### B Details of remuneration

##### Directors disclosed in this report

The key management personnel of the Company are the directors of Tyrian Diagnostics Limited as listed on page 2 of this report.

**Amounts of remuneration**

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Tyrian Diagnostics Limited and the Company are set out in the following tables:

*Key Management Personnel of the Company and other Company Executives*

2014	Short-term Benefits			Post-employment Benefits		Share-based payments		Total
	Cash Salary and Fees	Bonus	Non Monetary Benefits	Term. Benefits	Superannuation	Performance Rights	shares in lieu of fees	
	\$		\$	\$	\$	\$	\$	\$
<i>Non-executive directors</i>								
Roger Amos	45,000	-	-	-	-	-	-	45,000
Marilyn Sleigh	30,000	-	-	-	-	-	-	30,000
Caroline Popper	30,000	-	-	-	-	-	-	30,000
Sub-total non-executive directors	105,000	-	-	-	-	-	-	105,000
<b>Total key management personnel</b>	<b>105,000</b>	-	-	-	-	-	-	<b>105,000</b>

2013	Short-term Benefits			Post-employment Benefits		Share-based payments		Total
	Cash Salary and Fees	Bonus	Non Monetary Benefits	Term. Benefits	Superannuation	Performance Rights	Options	
	\$		\$	\$	\$	\$	\$	\$
<i>Non-executive directors</i>								
Roger Amos	45,000	-	-	-	-	-	-	45,000
Marilyn Sleigh	30,000	-	-	-	-	-	-	30,000
Caroline Popper	30,000	-	-	-	-	-	-	30,000
<b>Total key management personnel</b>	<b>105,000</b>	-	-	-	-	-	-	<b>105,000</b>

**Loans to/from directors**

There are no loans to or from directors.

**Share options granted to directors**

No options over unissued ordinary shares of Tyrian Diagnostics Limited were granted during the financial year, or since the end of the financial year, to the directors as part of their remuneration.

**Performance rights granted to directors**

No performance rights over unissued ordinary shares of Tyrian Diagnostics Limited were granted during the financial year to the directors as part of their remuneration (2013 - nil).

**Auditor**

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

**Assurance services**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014 \$	2013 \$
<i>Audit services</i>		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	42,332	40,660
<b>Total remuneration for audit services</b>	<b>42,332</b>	<b>40,660</b>

**Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

The auditor provided the company with \$nil (2013: \$nil) non-audit services during the current period.

The Board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services in the prior financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* follows this Directors' Report.

This report is made in accordance with a resolution of the directors.



**Roger Amos**  
Director



**Marilyn Sleigh**  
Director

**Sydney,**  
**26 August 2014**



## Auditor's Independence Declaration

As lead auditor for the audit of Tyrian Diagnostics Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



MW Chiang  
Partner  
PricewaterhouseCoopers

Sydney  
26 August 2014

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# Corporate Governance Statement

The Company aims to meet the levels of best corporate governance for listed companies as set out in the ASX Corporate Governance Council's Principles and Recommendations (the "ASX Principles and Recommendations").

The Company's corporate governance principles, details of which can be found on the Company's website ([www.tyriandx.com](http://www.tyriandx.com)) include:

- Statement of Corporate Governance Principles
- Board Charter
- Audit & Risk Committee Charter
- Remuneration & Nominations Committee Charter
- Continuous Disclosure and Communications Policy
- Securities Trading Policy

## 1 Role of the Board

The role of the Board is to provide strategic guidance for the Company and effective oversight of its management to the Chief Executive Officer and other senior executives. The Board has adopted a formal board charter that details the board's functions and responsibilities and those functions which are delegated to senior management.

## 2 Board Composition

The Company's Board currently comprises three independent non-executive directors. The Board has been structured to provide a team of directors with a range of skills, expertise and experience appropriate for it to undertake its duties and its role and responsibilities for the proper and effective management of the Company's business and affairs. In particular the composition of skills, expertise and experience of the directors span the areas of diagnostic product development and commercialisation, finance, accounting, public company affairs and corporate governance.

The skills, experience and expertise and term of office of each director are set out in the Director's Report. The recommendation of candidates for the Board is carried out by the Remuneration & Nominations Committee, which reviews the skills of existing directors and identifies additional skills that would contribute to the success of the Company's strategy and operations.

### 2.1 Independence of directors

The Board has assessed the independence of all non-executive directors and has determined that the following non-executive directors are independent: Roger Amos (Chairman), Merilyn Sleight (Chairman of the Audit & Risk Committee) and Caroline Popper.

Dr Popper is a principal of Popper & Co, a US-based life science company that provides consulting services from time to time to the Company under arms-length terms. Popper & Co receives compensation at commercial rates for ongoing services provided, and under a previous consulting agreement may receive certain future payments based on success of the Company's TB programme. The Board has considered the nature of Dr Popper's interests under this relationship and has concluded that they are not such as to interfere with her independence and ability to act in the best interests of the Company.

All Tyrian Diagnostics directors are aware of, and adhere to, their obligation under the Corporations Act 2001 to disclose to the Board any interests or relationships that they or any associate of theirs may have in a matter that relates to the affairs of the Company, and any other matter that may affect their independence. All directors have agreed to give the company notice of changes to their relevant interests in Company shares within two days to enable both them and the Company to comply with the Australian Stock Exchange (ASX) Listing Rules.

The Board regularly reviews the independence of its directors and in doing so has regard for, amongst other things, the ASX Principles and Recommendations in relation to independence of directors. The Board considers that an independent director is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors ability to act in the best interests of the Company.

In determining whether an interest or relationship is considered to interfere with a director's independence, the Board has regard to the materiality of the interest or relationship. In considering the issue of materiality, the Board considers the nature, circumstances and activities of the Director, and considers the materiality of the relationship in question from the perspective of the Company, the persons or organizations with which the Director has an affiliation, and from the perspective of the Director.

## **2.2 Independent professional advice**

Where a director obtains independent professional advice in furtherance of his or her duties, the Company will meet the reasonable costs of such advice provided that:

- the Chairman of the Board gave prior approval to the obtaining of the advice; or
- if the Chairman refused to give such approval, the Board gave prior approval to the obtaining of the advice.

## **2.3 Remuneration & Nominations Committee**

The Board has established a Remuneration & Nominations Committee to provide recommendations to the Board on matters including:

- Composition of the Board and competencies of Board members;
- Appointment and evaluation of the Chief Executive Officer and other senior executives;
- Succession planning for Board members and senior management;
- Processes for the evaluation of the performance of the directors, the Chief Executive Officer and other senior management.

The Remuneration & Nominations Committee currently comprises two independent non-executive directors including an independent Chairman. The Board has not formalised the procedures for selection and appointment of new directors or re-election of incumbent directors, however the board regularly reviews its composition to determine whether it has the right mix of skills and experience. The Board engages external recruitment firms in order to assist it in the selection and evaluation of new directors.

The Remuneration & Nominations Committee has adopted a formal charter which is available on the company's website.

## **2.4 Performance review and evaluation**

The performance of the Board, its Committees and key executives is reviewed and evaluated regularly by the Remuneration & Nominations Committee and the Board, as appropriate, using the results of a questionnaire which is completed by each director.

The Board conducts reviews of board effectiveness and contribution. The most recent performance evaluation of the board, its committees and directors was conducted in 2013.

## **3 Ethical and responsible decision making and Diversity**

All directors and employees are expected to act in accordance with the highest standards of integrity and business ethics. Although the Company has not established a formal code of conduct, directors and employees are obliged to observe standards of conduct and behaviour in accordance with the terms of their appointment or employment as applicable.

The Company has fostered a corporate culture which embraces diversity among its management and employees. The Company has not formalised its diversity policy but believes its commitment to diversity is borne out by the fact that the company's management and employees have in the past included a range of ethnic backgrounds, nationalities and age groups. The Company's board has a majority of female directors.

### **3.1 Securities trading policy**

The Company has a comprehensive securities trading policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading, and provide them with practical guidance for avoiding unlawful transactions in Company securities. The Company has reviewed and updated its securities trading policy as necessary in order to fully comply with the ASX's new requirements for company trading policies introduced through an amendment to the ASX Listing Rules, which came into effect on 1 January 2011.

## **4 Integrity in financial reporting**

### **Audit & Risk Committee**

The Company has established an Audit & Risk Committee to provide advice and assistance to the Board in discharging its corporate governance and oversight responsibilities in relation to the Company's financial reporting process, internal financial control, risk management system, legal compliance and the external auditing process. The Audit & Risk Committee has a formal charter which is available on the company's website. In discharging its obligations, the Audit & Risk Committee has direct access to any employee, the auditors or any other independent experts and advisers it considers appropriate to carry out its duties.

The composition of the Audit & Risk Committee is set out in a table on page 3 of this Report, and the number of committee meetings and attendance at those meetings is set out the same table. In accordance with the ASX Principles and Recommendations, the Audit & Risk Committee has been structured so that it:

- consists of only non-executive directors
- has a majority of independent directors;
- has an independent chairman who is not the chairman of the Board; and
- consists of members with the appropriate financial and business expertise to act effectively as a member of the Audit & Risk Committee

The Audit & Risk Committee has two members, rather than the three suggested by the ASX Principles and Recommendations. The Board considers that the current two members, both being independent non-executive directors, possess sufficient skills and experience to provide appropriate advice to the Board and that the composition of the Audit & Risk Committee is appropriate considering the size and operations of the Company.

It is PricewaterhouseCoopers' policy to rotate the role of audit engagement partner every five years.

## **5 Disclosure**

### **Continuous disclosure and communications policy**

The Company is committed to complying with its continuous disclosure obligations as set out in the ASX Listing Rules and the ASX Principles and Recommendations.

The Company has adopted a comprehensive policy governing continuous disclosure and communication to investors and shareholders which complies with the ASX Principles and Recommendations. This policy is available on the Company's website.

## **6 Shareholder communication**

### **6.1 Communications policy**

The Company aims to ensure that investors, shareholders and the financial market have timely access to material information concerning the Company. The Company's communications policy sets out the communication guidelines established by the Company. The Company uses its website to complement the official release of material information and periodic reports to the market including ensuring that all press releases, ASX announcements and notices of and presentations made at general meetings for at least the past three years are available on the website.

### **6.2 Auditor availability**

The Company's external auditor, PricewaterhouseCoopers, attends the Company's annual general meeting and is available to answer questions raised by shareholders concerning the conduct of the audit and the preparation and content of the auditor's report.

## **7 Recognise and manage risk**

### **Risk management**

The Board, on advice and recommendation of the Audit & Risk Committee, oversees and manages the risks to which the Company is exposed. The Audit & Risk Committee's role and responsibilities for risk oversight and management are set out in the Audit & Risk Committee charter. These include:

- overseeing the Company's financial reporting and understanding current areas of greatest financial risk and how these are being managed;
- understanding internal control systems for financial transactions, recording and processing of financial data and compliance of financial statements with relevant standards and requirements;
- ensuring compliance with legal and regulatory obligations, accounting standards and best practice guidelines;
- evaluating the overall effectiveness of the internal control and risk management frameworks and considering whether recommendations made by the external auditors have been implemented by management; and
- considering accountability of management for risks associated with computer systems and applications.

The Audit & Risk Committee reports to the Board at least twice each year on all matters relating to its responsibilities for risk management. The Board reviews the Audit & Risk Committee's reports and recommendations and makes an assessment of the effectiveness of the Company's systems and processes for risk management. Under its Charter, the Audit & Risk committee requires management to design and implement

the risk management and internal control system to manage the company's material business risks. Management is required to report to the Audit & Risk Committee twice-yearly on how the company is performing against its risk management system.

**8 Remunerate fairly and responsibly**

Refer to the Remuneration Report for a full discussion of the Company's remuneration policies, and to the Directors' Report for details of the membership of meetings of the Remuneration & Nominations Committee.

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These financial statements are the financial statements of Tyrian Diagnostics Limited. The financial statements are presented in the Australian currency.

Tyrian Diagnostics Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is

Level 10, 167 Macquarie Street  
Sydney NSW 2000 Australia

A description of the nature of the entity's operations and its principal activities is included in the review of operations and activities on pages 3-4 of the directors' report which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 26 August 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Investor Centre on our website: [www.tyriandx.com](http://www.tyriandx.com).

Tyrian Diagnostics Limited  
**Statement of comprehensive income**  
For the year ended 30 June 2014

		2014 \$	2013 \$
	Notes		
<b>Revenue from continuing operations</b>	4	<b>482,194</b>	39,619
Other income	5	-	255,742
Corporate & administration costs		(348,020)	(440,246)
Fair value loss on financial assets at fair value through profit and loss		(32,176)	-
Intellectual property costs		(22,289)	(39,519)
Write back provision for onerous contracts		-	52,166
Foreign exchange losses		-	(122)
<b>Profit/(Loss) before income tax</b>		<b>79,709</b>	(132,360)
Income tax expense	6	-	-
<b>Profit/(Loss) from continuing operations</b>		<b>79,709</b>	(132,360)
<b>Profit/(Loss) attributable to members of Tyrian Diagnostics</b>		<b>79,709</b>	(132,360)
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>79,709</b>	(132,360)
		<b>cents</b>	<b>cents</b>
<b>Earnings per share from continuing operations attributable to the ordinary equity of holders of the company</b>			
Basic profit/(loss) per share	14	<b>0.00</b>	(0.00)
Diluted profit/(loss) per share	14	<b>0.00</b>	(0.00)
<b>Earnings per share attributable to the ordinary equity holders of the company:</b>			
Basic profit/(loss) per share	14	<b>0.00</b>	(0.00)
Diluted profit/(loss) per share	14	<b>0.00</b>	(0.00)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Tyrian Diagnostics Limited  
**Balance Sheet**  
As at 30 June 2014

		2014 \$	2013 \$
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	815,662	915,335
Financial assets at fair value through profit and loss	8	53,514	39,338
Other assets	9	29,029	22,198
Total Current Assets		898,205	976,871
<b>TOTAL ASSETS</b>		<b>898,205</b>	<b>976,871</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	34,122	57,568
Deferred Income	11	-	134,929
Total Current Liabilities		34,122	192,497
<b>TOTAL LIABILITIES</b>		<b>34,122</b>	<b>192,497</b>
<b>NET ASSETS</b>		<b>864,083</b>	<b>784,374</b>
<b>EQUITY</b>			
Contributed equity	12	123,625,663	123,625,663
Reserves	13	3,798,735	3,798,735
Accumulated losses	13	(126,560,315)	(126,640,024)
<b>TOTAL EQUITY</b>		<b>864,083</b>	<b>784,374</b>

The above balance sheet should be read in conjunction with the accompanying notes.



Tyrian Diagnostics Limited  
**Statement of changes in equity**  
For the year ended 30 June 2014

	<b>Attributable to owners of Tyrian Diagnostics Ltd</b>			
	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2012</b>	123,625,663	3,798,735	(126,507,664)	916,734
Loss for the year as reported in the 2013 financial statements	-	-	(132,360)	(132,360)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(132,360)	(132,360)
<b>Balance at 30 June 2013</b>	<b>123,625,663</b>	<b>3,798,735</b>	<b>(126,640,024)</b>	<b>784,374</b>
Profit for the year as reported in the 2014 financial statements	-	-	79,709	79,709
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	79,709	79,709
<b>Balance at 30 June 2014</b>	<b>123,625,663</b>	<b>3,798,735</b>	<b>(126,560,315)</b>	<b>864,083</b>

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

Tyrian Diagnostics Limited  
**Cash Flow Statement**  
For the year ended 30 June 2014

		2014 \$	2013 \$
	Notes		
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		268,904	94,985
Release of security deposit		-	156,005
Payments to suppliers and employees (inclusive of goods and services tax)		(390,435)	(695,838)
		(121,531)	(444,848)
Interest received		21,858	32,016
R & D tax incentive		-	255,742
<b>Net cash outflow from operating activities</b>	20	(99,673)	(157,090)
<i>Net (decrease) in cash and cash equivalents</i>		(99,673)	(157,090)
<i>Cash and cash equivalents at the beginning of the financial year</i>	7	915,335	1,072,425
<i>Effects of exchange rate changes on cash and cash equivalents</i>		-	-
<i>Cash and cash equivalents at the end of the financial year</i>	7	815,662	915,335

The above cash flow statement should be read in conjunction with the accompanying notes.

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## 1. Summary of significant accounting policies

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

### (a) Basis of preparation of financial statements and going concern

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### Compliance with IFRS

The financial statements of Tyrian Diagnostics Limited also comply with International Financial Standards Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

#### Critical accounting estimates

The preparation of 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed in note 2.

#### Going Concern

During the year ended 30 June 2014 the entity generated an operating profit before tax of \$79,709 (2013 Loss – (\$132,360)) and net cash outflows from operating activities of \$99,673 (2013 - \$157,090).

At 30 June 2014, the Company had \$815,662 in cash (2013 - \$915,335) and was in a net assets position \$864,083 (2013 - \$784,374). As at 31 July 2014, the comparable cash balance was \$802,954.

#### Going concern assumption

Following the restructure the Company is pursuing its principal activity of licencing and selling its TB and other intellectual property assets, while also considering alternative strategic options. The ability of the Company to continue as a going concern is dependent on its ability to successfully manage the restructured organisation within its cashflow forecasts.

The directors believe that the Company will continue to successfully operate within its cashflow forecasts and will continue as a going concern, and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amount stated in the financial report. Accordingly, the financial report has been prepared on a going concern basis

### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief financial officer.

### (c) Foreign currency translation

#### (i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

**Services**

Services revenue derived from research and product development activities, including collaboration income, is recognised in accordance with the percentage of completion method or on completion of development milestones, in accordance with the terms of the contract. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Other services revenue is recognised when the service is provided.

**Sale of Diagnostic Tests, Technology equipment and other related products**

A sale is recorded when goods have been despatched to a customer pursuant to a sales order, the associated risks of ownership have passed to the carrier or customer, and collectability is probable.

**Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

**Dividends**

Dividends are recognised as revenue when the right to receive payment is established.

**Royalties**

Royalty income is recognised as revenue when the amount of revenue can be reliably measured, being the earlier of the receipt of a royalty report or royalty payment from the licensee.

**Deferred Income**

Differences between cash received and amounts recognised as revenue are recognised as deferred income where cash received exceeds revenue recognised, and as accrued income where revenue has yet to be invoiced.

**(e) Government grants**

Grants from the government, including R & D tax incentives, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**(f) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and

tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(g) Leases**

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current or non-current borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

**(h) Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(i) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(j) 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(k) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the

Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss.

**(l) Investments and other financial assets**

***Classification***

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

***Available-for-sale financial assets***

Available-for-sale financial assets, comprising unlisted equity securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

***Subsequent measurement***

Available-for-sale financial assets are carried at fair value. Changes in fair value are recorded in equity. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

***Impairment***

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

**(m) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**(n) Intangible assets**

***Patents***

Patents have a finite useful life and are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of patents over their estimated useful lives, which vary from 5 to 20 years. Where costs pertaining to a patent application have been capitalised in prior periods, and that patent is subsequently abandoned, both the cost and accumulated amortisation are written off.

**Research and development**

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Capitalised development costs recorded as intangible assets are amortised from the point at which the asset is ready for use on a straight line basis over its useful life. No development expenditure incurred to date has met these criteria.

Development expenditures that do not meet the above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(p) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(q) Provisions**

Provisions for legal claims, service warranties and make-good obligations are recognised at their present value when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(r) Contributed equity**

Ordinary shares are classified as equity. Incremental costs such as stamp duties, professional adviser's fees, underwriting costs and brokerage fees directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

**(s) Earnings (loss) per share**

**Basic earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

**Diluted earnings (loss) per share**

Diluted earnings (loss) per share adjusts the figures used in the determination of basic earnings (loss) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



**(t) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flow.

**(u) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Company has assessed the impact of the new standards and interpretations and has concluded that they are not applicable.

**2. Critical accounting estimates and judgements**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year.

**3. Segment information**

**(a) Description of segments**

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business to consist of one operating segment, being the licensing of intellectual property. All such activities from continuing operations are carried out from the one geographic location, being Sydney Australia.

**(b) Segment information provided to the Board**

The segment information provided to the Board for the reportable segments for the year ended 30 June is as follows:

	2014	2013
	\$	\$
<b>Revenue from External Customers</b>	<b>460,961</b>	<b>8,459</b>
Interest revenue	20,983	31,160
Other income	250	255,742
<b>Total Net income</b>	<b>482,194</b>	<b>295,361</b>
Foreign Exchange Gains/ (Losses)	-	(122)
All other expenses	(402,485)	(427,599)
<b>Net profit/(loss) after tax</b>	<b>79,709</b>	<b>(132,360)</b>
<b>Total gross segment assets</b>	<b>898,205</b>	<b>976,871</b>
<b>Total segment liabilities</b>	<b>34,122</b>	<b>192,497</b>

**(c) Other Segment Information**

**(i) Segment Revenue**

Revenues from external customers are derived from the licensing of intellectual property owned by the Company.

Tyrian Diagnostics Limited  
**Notes to the Financial Statements continued**  
30 June 2014

Segment revenue reconciles to total revenue from continuing operations as follows:

	2014 \$	2013 \$
<b>Segment revenue from external customers</b>	<b>460,961</b>	8,459
Add: Interest revenue	<b>20,983</b>	31,160
Sundry income	<b>250</b>	-
<b>Total revenue from continuing operations (note 4)</b>	<b>482,194</b>	39,619

The entity is domiciled in Australia. Segment revenue for 2014 from external customers in Australia was \$454,072 (2013: \$nil) and from external customers in other countries is \$6,889 (2013: \$8,459) being \$6,889 (2013: \$8,459) from USA.

The following revenues were derived from single external customers:

	2014 \$	2013 \$
Customer 1	<b>454,072</b>	-
Customer 2	<b>6,889</b>	8,459

(ii) *Operating Profit*

Since the Company has only one operating segment, the Board assesses the Company's performance based on operating profit after tax. Operating profit reported to the Board is reconciled to operating profit after tax from continuing operations as follows:

	2014 \$	2013 \$
Segment operating profit/(loss) after tax	<b>79,709</b>	(132,360)
<b>Profit/(Loss) after tax from continuing operations</b>	<b>79,709</b>	(132,360)

(iii) *Segment assets*

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements, and as such segment assets equal total Company assets.

(iv) *Segment liabilities*

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements, and as such segment assets equal total Company liabilities.

**4. Revenue**

	2014 \$	2013 \$
<b>From continuing operations</b>		
<b>Sales &amp; business revenue</b>		
Royalty income	<b>6,889</b>	8,459
License income	<b>454,072</b>	-
	<b>460,961</b>	8,459
<b>Other revenue</b>		
Interest	<b>20,983</b>	31,160
Sundry income	<b>250</b>	-
	<b>21,233</b>	31,160
<b>Total revenue from continuing operations</b>	<b>482,194</b>	39,619

**5. Other income**

	2014 \$	2013 \$
R & D tax incentive	-	255,742
<b>Total other income</b>	-	255,742

## 6. Income tax expense

	2014 \$	2013 \$
<b>(a) Income tax expense</b>		
Current tax	-	-
Income tax expense is attributable to: Profit/(Loss) from continuing operations	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(Loss) from continuing operations before income tax expense	79,709	(132,360)
Tax at the Australian tax rate of 30% (2013 - 30%)	23,913	(39,708)
Tax losses and temporary differences not recognised as deferred tax assets	(23,913)	39,708
Income tax expense	-	-

## (c) Tax losses

	2014 \$	2013 \$
Unused tax losses for which no deferred tax asset has been recognised:		
Potential tax benefit @ 30%	31,709,314	31,733,227

All unused tax losses disclosed above were incurred by Australian entities.

A tax asset will not be recognised until it becomes probable that the tax consolidated group will obtain the benefit of these losses, because:

- (i) it derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
- (ii) the losses are transferred to an eligible entity, and
- (iii) the tax consolidated group continues to comply with the conditions for deductibility imposed by tax legislation, and there are no tax legislation changes that adversely affect the ability of the consolidated tax entity to realise the benefit from the deductions for the losses.

## 7. Current assets – cash and cash equivalents

	2014 \$	2013 \$
Cash at bank and on hand	196,236	295,909
Deposits at call	619,426	619,426
	815,662	915,335

## (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

## (b) Cash at bank and on hand

These are a combination of interest-bearing and non-interest bearing (refer to Financial Risk Management Note 15).

## (c) Deposits at call

The deposits are bearing a floating interest rate of 2.5% (2013: 2.5%). These deposits have a weighted average maturity of 0 days (2013: 0 days).

**8. Current assets – financial assets at fair value through profit and loss**

	2014 \$	2013 \$
Shares in Agenix Limited	<u>53,514</u>	<u>39,338</u>

Pursuant to the licence agreement with Agenix Limited, Tyrian Diagnostics Limited held 4,864,912 shares in the listed company at 30 June 2014 (2013 – 1,710,341). These shares were issued at an average price of 1.6 cents per share and have been re-valued to a market price of 1.1 cents per share at 30 June 2014.

The company has classified above financial instruments into level 1 as the fair value of financial instruments is based on quoted market prices at the end of the reporting period.

**9. Current assets – other**

	2014 \$	2013 \$
Prepayments	9,158	9,179
Proceeds receivable from sale of shares	10,928	-
Interest receivable	4,217	5,092
GST Receivable	4,725	7,927
	<u>29,028</u>	<u>22,198</u>

**10. Current liabilities – trade and other payables**

	2014 \$	2013 \$
Trade creditors	11,122	34,108
Other payables	23,000	23,460
	<u>34,122</u>	<u>57,568</u>

**11. Current liabilities – deferred income**

	2014 \$	2013 \$
Deferred income	-	134,929

Deferred income represents that portion of license fees that has been invoiced to customers or collaboration partners but for which a contractual condition must occur prior to the Company being able to recognise it as income. In July 2013 the contractual conditions were met and the deferred income was recognised as revenue.

**12. Contributed equity**

**(a) Share capital**

	2014 Number of shares	2013 Number of shares	2014 \$	2013 \$
Ordinary shares	1,022,027,092	1,022,027,092	123,625,663	123,625,663

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

**(b) Movements in ordinary share capital:**

Date	Details	Notes	Number of shares	\$
	Balance as at 30 June 2013		1,022,027,092	123,625,663
	<b>Balance as at 30 June 2014</b>		<b>1,022,027,092</b>	<b>123,625,663</b>

**(c) Share options**

Tyrian Diagnostics Limited has previously issued listed options over ordinary shares. A summary of the options on issue are as follows:

Date	Details	Number of options	Options exercisable at year end
24.12.10	Attaching options with 1:5 non-renounceable rights issue	199,006,544	20 December 2013
	Balance as at 30 June 2013	199,006,544	
<b>20.12.13</b>	<b>Expiry of options</b>	<b>(199,006,544)</b>	
	<b>Balance as at 30 June 2014</b>	<b>-</b>	

**13. Reserves and accumulated losses**

	2014 \$	2013 \$
<b>(a) Reserves</b>		
(i) Option reserve		
Opening balance 1 July	98,921	98,921
Closing balance 30 June	98,921	98,921
(ii) Performance rights reserve		
Opening balance 1 July	3,699,814	3,699,814
Closing balance 30 June	3,699,814	3,699,814
Total Reserves at balance date	3,798,735	3,798,735

**Nature and purpose of reserve**

(i) Option reserve

The fair value of share based payments made to employees by the issue of options was recognised over the period the employees become entitled to those options.

(iii) Performance rights reserve

The fair value of share based payments made to employees by the issue of performance rights was recognised over the period the employees become entitled to shares.

	2014 \$	2013 \$
<b>(b) Accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(126,640,024)	(126,507,664)
Net profit/(loss) attributable to members of Tyrian Diagnostics Ltd	79,709	(132,360)
Accumulated losses at the end of the financial year	(126,560,315)	(126,640,024)

**14. Profit per share**

	2014 \$	2013 \$
<b>(a) Basic profit per share</b>		
Profit from continuing operations attributable to the ordinary equity holders of the company	0.000	0.000
Total profit per share attributable to the ordinary equity holders of the company	0.000	0.000

**(b) Diluted profit per share**

Profit from continuing operations attributable to the ordinary equity holders of the company	<b>0.000</b>	0.000
Total profit per share attributable to the ordinary equity holders of the company	<b>0.000</b>	0.000

**(c) Reconciliations of profit used in calculating profit per share**

<i>Basic profit per share</i>		
Profit/(Loss) from continuing operations	<b>79,709</b>	(132,360)
Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating basic loss per share	<b>79,709</b>	(132,360)
<i>Diluted profit per share</i>		
Profit/(Loss) from continuing operations	<b>79,709</b>	(132,360)
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	<b>79,709</b>	(132,360)

**(d) Weighted average number of shares used as the denominator**

Weighted average number of ordinary shares used as the denominator in calculating basic loss per share and diluted loss per share	<b>1,022,027,092</b>	1,022,027,092
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**15. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risk and aging analysis for credit risk.

Risk management is carried out by the Finance Department under policies approved by senior management in consultation with the Board.

**(a) Market risk**

***(i) Foreign exchange risk***

The Company was not subject to any material foreign exchange risk in the 2014 and 2013 financial years.

***(ii) Price risk***

The Company was not subject to any material price risk in the 2014 and 2013 financial years, including equities securities price risk and commodities price risk.

***(iii) Cash flow and fair value interest rate risk***

The Company's main interest rate risk arises from cash and cash equivalents, the majority of which is held in various at-call deposits at variable rates and various short-term deposits with interest rates fixed for the terms of the deposit. During 2014 and 2013, the majority of the Company's cash on hand at variable rate was denominated in Australian dollars. As at the reporting date, the Company had the following variable rate cash on hand:

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate %	Balance \$AU	Weighted Average Interest Rate %	Balance \$AU
Cash at bank	2.50	815,662	2.50	915,335

*Sensitivity*

The Company's main interest rate risk arises from cash on hand with variable interest rates. If interest rates had changed by +/- 100 basis points during 2014 with all other variables held constant, the 2014 post-tax profit would have been \$8,571 higher / \$8,307 lower for the Company (2013: \$10,189 lower/ \$9,774 higher) as a result of changes to interest income.

**(b) Credit risk**

The Company was not subject to any material credit risk in the 2014 and 2013 financial years.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the simple nature of the underlying businesses, and consistently negative cash flows from operations, the Company aims to simplify funding by minimising credit lines and investing surplus funds in very liquid deposits at call.

*Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Fixed Interest maturing in:				
Company - 2013	1 year or less	Over 1 to 2 years	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Trade & other payables (Note 10)	-	-	57,568	57,568
	-	-	57,568	57,568
Weighted average interest rate	n/a	n/a	n/a	

Fixed Interest maturing in:				
Company - 2014	1 year or less	Over 1 to 2 years	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Trade & other payables (Note 10)	-	-	34,122	34,122
	-	-	34,122	34,122
Weighted average interest rate	n/a	n/a	n/a	

**(d) Fair value measurements**

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques.

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Entity approximates their carrying amounts.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Tyrian Diagnostics Limited  
**Notes to the Financial Statements continued**  
30 June 2014

<b>At 30 June 2013</b>	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Cash (Note 7)	295,909	-	-	295,909
Deposits at call (Note 7)	619,426	-	-	619,426
	915,335	-	-	915,335
Weighted average interest rate	2.50%	n/a	n/a	

  

<b>At 30 June 2014</b>	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Cash (Note 7)	196,236	-	-	196,236
Deposits at call (Note 7)	619,426	-	-	619,426
	815,662	-	-	815,662
Weighted average interest rate	2.50%	n/a	n/a	

**(e) Capital risk management**

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As the Company incurs net cash outflows from operations and has large accumulated losses, the primary method used to adjust its capital structure is the issue of new shares. The Company has determined that where possible it will issue ordinary shares, rather than issue hybrid forms of securities, so as to avoid any restrictions on its use of capital or commit to interest repayments.

**16. Key management personnel disclosures**

**(a) Key management personnel compensation**

	<b>2014</b>	<b>2013</b>
	\$	\$
Short-term employee benefits	105,000	105,000
	105,000	105,000

Detailed remuneration disclosures are provided in sections A-B of the remuneration report on pages 6 to 7.

**(b) Other transactions with key management personnel**

In the year ended 30 June 2014 and in the previous financial year, there were no other transactions recorded with key management personnel.

**17. Remuneration of auditors**

Remuneration for audit or review of the financial reports of the Company:

	<b>2014</b>	<b>2013</b>
	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit or review of financial reports of the Company	42,332	40,660
Total remuneration	42,332	40,660

**18. Events occurring after the balance sheet date**

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- a) the Company's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Company's state of affairs in future financial years.



**19. Commitments for future expenditure**

**(a) Directors and Officers Liability Insurance**

The company has previously entered into Deeds of Indemnity with its directors and officers. These Deeds require that the company maintain a specified level of Directors and Officers Insurance including for a period of seven years after termination of the Director or Officer. The company expenses insurance premiums incurred in providing this cover in the year of insurance.

**20. Reconciliation of loss after income tax to net cash outflow from operating activities**

	2014	2013
	\$	\$
Profit/(Loss) attributable to members	<b>79,709</b>	(132,360)
(Increase) decrease in other operating assets	<b>(6,852)</b>	9,361
(Increase) decrease in prepayments	<b>21</b>	7,733
(Increase) decrease in other financial assets	<b>(14,176)</b>	116,667
Increase (Decrease) in trade & other creditors	<b>(23,446)</b>	(2,236)
Increase (Decrease) in deferred income	<b>(134,929)</b>	134,929
Increase (Decrease) in other provisions	<b>-</b>	(291,184)
<b>Net cash outflow from operating activities</b>	<b>(99,673)</b>	(157,090)

## Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 14 to 33 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2014 and of their performance, for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, as discussed in Note 1 of the financial statements.

Note 1 (a) confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board,

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Regulations 2001*.

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



**Roger Amos**  
Director



**Marilyn Sleigh**  
Director

**Sydney**  
**26 August 2014**

## **Independent auditor's report to the members of Tyrian Diagnostics Limited**

### ***Report on the financial report***

We have audited the accompanying financial report of Tyrian Diagnostics Limited (the company), which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Liability limited by a scheme approved under Professional Standards Legislation.

### *Independence*

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

### *Auditor's opinion*

In our opinion:

- a) the financial report of Tyrian Diagnostics Limited 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

### ***Report on the Remuneration Report***

We have audited the remuneration report included in pages 6 to 7 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Tyrian Diagnostics Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



MW Chiang

Partner

Sydney

26 August 2014