

**HUMAN GENETIC SIGNATURES
PTY LIMITED
(ABN: 30 095 913 205)**

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2012**

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

The directors present their report on the company for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during or since the end of the year are:

Robert J Birrell
Phillip J Isaacs
Nickolaos Samaras

The directors have been in office since the start of the financial year to the date of this report.

Principal Activities

The principal activities of the company during the financial year were the research and commercialisation of identifying individual genetic signatures to identify diseases and disabilities and the sale of associated products into the diagnostic and research marketplaces. There have been no significant changes in these activities during the year.

Results

The net loss for the financial year after providing for income tax amounted to \$1,037,040 (2011: loss \$1,446,402)

Events Subsequent to the Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the company to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Indemnification of officer or auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

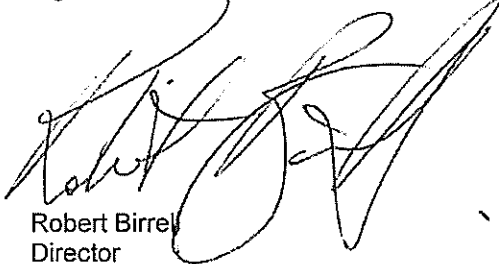
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Auditors' Independence Declaration

A copy of the auditor's independence declaration is set out on page 4.

Signed in accordance with a resolution of the directors:



Robert Birrell
Director

Dated this 29th day of November 2012



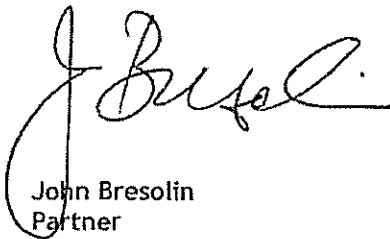
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Sydney NSW 2000
AUSTRALIA

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF HUMAN GENETIC SIGNATURES PTY LIMITED

As lead auditor of Human Genetic Signatures Pty Limited for the financial year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out by the Australian professional accounting bodies in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.



John Bresolin
Partner

BDO East Coast Partnership

Sydney, 29 November 2012

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	2	234,893	180,034
Cost of sales		(79,022)	(51,862)
Employee benefits expense		(637,621)	(946,648)
Directors' and consultancy fees		(138,968)	(165,068)
Depreciation		(94,893)	(93,909)
Finance Costs	11	(67,791)	-
Rent		(73,226)	(118,372)
Scientific consumables		(248,627)	(289,813)
Travel and accommodation		(24,667)	(90,904)
Legal fees		(2,532)	(10,180)
Other expenses	4	(344,042)	(497,624)
Loss before income tax		<u>(1,476,496)</u>	<u>(2,084,346)</u>
Income tax benefit	5	439,456	637,944
Loss attributable to members of the entity		<u>(1,037,040)</u>	<u>(1,446,402)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(1,037,040)</u>	<u>(1,446,402)</u>

The accompanying notes form part of these financial statements.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
Assets			
Current Assets			
Cash and cash equivalents	12	403,759	330,890
Trade and other receivables	6	502,435	731,279
Inventories	7	6,923	33,690
Total Current Assets		<u>913,117</u>	<u>1,095,859</u>
Non-Current Assets			
Plant and equipment	8	105,003	138,123
Total Non-Current Assets		<u>105,003</u>	<u>138,123</u>
Total Assets		<u>1,018,120</u>	<u>1,233,982</u>
Liabilities			
Current Liabilities			
Trade and other payables	9	121,384	134,961
Short-term provisions	10	84,535	38,989
Total Current Liabilities		<u>205,919</u>	<u>173,950</u>
Non-Current Liabilities			
Long-term provisions	10	31,484	60,042
Total Non-Current Liabilities		<u>31,484</u>	<u>60,042</u>
Total Liabilities		<u>237,403</u>	<u>233,992</u>
Net Assets		<u>780,717</u>	<u>999,990</u>
Equity			
Issued capital	11	20,509,463	19,691,696
Accumulated losses		(19,728,746)	(18,691,706)
Total Equity		<u>780,717</u>	<u>999,990</u>

The accompanying notes form part of these financial statements

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Issued Capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2010	19,141,696	(17,245,304)	1,896,392
Total comprehensive income attributable to members of the entity	-	(1,446,402)	(1,446,402)
Convertible notes issued during the year	550,000	-	550,000
Balance at 30 June 2011	19,691,696	(18,691,706)	999,990
Total comprehensive income attributable to members of the entity	-	(1,037,040)	(1,037,040)
Convertible notes issued during the year	750,000	-	750,000
Interest on convertible notes	67,767	-	67,767
Balance at 30 June 2012	20,509,463	(19,728,746)	780,717

The accompanying notes form part of these financial statements.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers		259,428	116,908
Payments to suppliers and employees		(1,530,650)	(2,259,698)
Interest received		15,297	32,417
Research and development concession received		640,567	720,746
Net cash used in operating activities	12(b)	<u>(615,358)</u>	<u>(1,389,627)</u>
Cash flows from investing activities			
Purchase of plant and equipment		(61,773)	(5,419)
Net cash used in investing activities		<u>(61,773)</u>	<u>(5,419)</u>
Cash flows from financing activities			
Proceeds from issue of convertible notes		750,000	550,000
Net cash provided by financing activities		<u>750,000</u>	<u>550,000</u>
Net increase / (decrease) in cash and cash equivalents		72,869	(845,046)
Cash and cash equivalents at beginning of financial year		330,890	1,175,936
Cash and cash equivalents at end of financial year	12(a)	<u>403,759</u>	<u>330,890</u>

The accompanying notes form part of these financial statements

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 1: Statement of Significant Accounting policies

The financial report for the financial year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2012.

The financial report is a special purpose financial report prepared for use and needs of the directors and members of the company. The directors have determined that the company is not a reporting entity.

The Financial Report is for the entity Human Genetic Signatures Pty Limited as an individual entity. Human Genetic Signatures Pty Limited is limited by shares, incorporated and domiciled in Australia.

The report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statement
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 1031	Materiality

No other Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is presented in Australian currency. This is Human Genetic Signatures' functional and presentation currency.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Going Concern

The financial report has been prepared on a going concern basis, although significant uncertainties exist in relation to the success and marketability of the research into human genetic signatures to help against diseases and disabilities and the sale of associated products into the research marketplace.

The company incurred losses for the year to 30 June 2012 of \$1,037,040 (2011: \$1,446,402). The losses have had a negative impact on the company's cash flow. This gives rise to a significant uncertainty regarding the ability of the company to continue as a going concern and pay its debts as and when they fall due and to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 1: Statement of Significant Accounting Policies (continued)

(a) Going Concern (continued)

The ability of the company to continue to trade as a going concern is primarily dependent on the continued support of major shareholders and/or the entity being able to generate revenue from successfully developing human genetic signatures research or from trading profitability. If the entity is unable to obtain such funding or generate additional revenue, they may be required to realise assets and extinguish liabilities and commitments other than in the ordinary course of business and at amounts which may be materially different from those currently stated in the financial statements.

The directors are confident that the Company will continue to receive financial support from its major shareholders until such time that it generates sufficient revenues to the extent that the Company can fully support itself. The directors believe this will occur in the next 12 to 24 months.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern or be able to continue to pay its debts as and when they fall due.

(b) Property, plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors of the company to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent to disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Plant and equipment	2.5 – 13.5 years

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

Gains and losses on disposal are determined by company proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 1: Statement of Significant Accounting Policies (continued)

c) Goods and Services Tax (continued)

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

d) Revenue

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer, the amount of revenue can be measured reliably and it is probable that it will be received by the company.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other payables

Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and net of bank overdrafts.

g) Scientific equipment and consumables

The cost of scientific equipment and consumables purchased is initially deferred to the statement of financial position and is then expensed to the statement of comprehensive income as it is consumed.

h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 1: Statement of Significant Accounting Policies (continued)

j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expense in the period in which they are incurred.

k) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

l) Convertible notes

On 26 March 2012 the company issued 750 Convertible Notes, with a face value of \$1,000 per convertible note. The total consideration received was \$750,000. The terms and conditions attached to the Convertible Notes are shown in Note 11. Under Australian Accounting Standard AASB 139, Financial Instruments: Recognition and Measurement, the Convertible Notes which represent a financial instrument would have been classified as debt. However, in the current financial year, these notes have been classified as equity only. The financial effect of this is shown in Note 11 (b). No adjustments as disclosed in Note 11(b) have been reflected in the financial statements.

m) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

n) New accounting standards and interpretations issued but not yet effective

As at the date of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective, and have not been adopted by the Company for the reporting period ended 30 June 2012.

The Company has assessed the impact of these new and revised standards, and interpretations, and concluded that they will have no material impact on the accounting policies detailed above.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
Note 2: Revenue		
<i>Operating activities</i>		
Product sales	219,596	147,617
	<u>219,596</u>	<u>147,617</u>
<i>Non-operating activities</i>		
Interest received – other persons	15,297	32,417
Total revenue	<u>234,893</u>	<u>180,034</u>
Note 3: Expenses		
Auditors' remuneration:		
Audit of financial statements	13,500	13,500
Other services	8,500	8,500
	<u>22,000</u>	<u>22,000</u>
Note 4: Significant items		
The following significant revenue and expense items are relevant in explaining the financial performance.		
Items included in other expenses are:		
Amount written off in respect of patents	<u>197,011</u>	<u>335,392</u>
Note 5: Income tax revenue		
Research & Development tax concession	<u>439,456</u>	<u>637,944</u>
Note 6: Trade and other receivables		
Current		
Trade debtors	20,744	45,023
Other debtors	44,858	48,312
Research & Development tax concession receivable	436,833	637,944
	<u>502,435</u>	<u>731,279</u>
Note 7: Inventories		
Scientific equipment and consumables – at cost	<u>6,923</u>	<u>33,690</u>

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
Note 8: Plant and Equipment		
Plant and equipment:		
At cost	1,194,907	1,133,134
Less: accumulated depreciation	<u>(1,089,904)</u>	<u>(995,011)</u>
	<u>105,003</u>	<u>138,123</u>
Note 9: Trade and other payables		
Current – unsecured		
Trade creditors	72,048	92,495
Other creditors	<u>49,336</u>	<u>42,466</u>
	<u>121,384</u>	<u>134,961</u>
Note 10: Provisions		
Current		
Employee benefits	<u>84,535</u>	<u>38,989</u>
Non-Current		
Employee benefits	<u>31,484</u>	<u>60,042</u>
Note 11: Issued capital		
17,049,960 ordinary shares (2011: 17,049,960)	17,887,696	17,887,696
4,000 fully paid founder shares (2011: 4,000)	4,000	4,000
2,550 fully paid convertible notes with interest (2011: 1,800)	<u>2,617,767</u>	<u>1,800,000</u>
	<u>20,509,463</u>	<u>19,691,696</u>
(a) Ordinary shares		
<i>At the beginning of the reporting period</i>		
Nil ordinary shares (2011: 17,049,960)	<u>17,887,696</u>	<u>17,887,696</u>
<i>At reporting date</i>		
Nil ordinary shares (2011: 17,049,960)	<u>17,887,696</u>	<u>17,887,696</u>
All fully paid ordinary shares and founder shares have equal voting rights, of one vote per share, and subject to the prior rights of preference shares, have equal rights to receive dividends in proportion to the number of ordinary shares and founder shares held.		
Effective 1 July 1998 the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital.		

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 11: Issued capital (continued)

(b) Convertible notes

	2012	2011
	\$	\$
<i>At the beginning of the reporting period</i>	1,800,000	1,250,000
Convertible notes issued during the year	750,000	550,000
Accrued interest on convertible notes	67,767	-
	<u>2,617,767</u>	<u>1,800,000</u>
<i>At reporting date</i>		
2,550 convertible notes (2011: 1,800)	<u>2,617,767</u>	<u>1,800,000</u>

Convertible notes issued 26 March 2012

The convertible notes are interest bearing at 10% per annum and entitle the note holders to convert the face value of the notes to ordinary shares in the Company at the maturity date, 31 July 2014, or such later date agreed in writing by the Company and the holders of 50% or more of the Convertible Notes.

As noted in Note 1 (I) under Australian Accounting Standards, the convertible notes represent a financial instrument and would have had been classified as debt and not equity as shown above. The effect of this would be as follows:

Statement of Financial Position	2012		
	Currently stated	Adjustments	Restated under Australian Accounting Standards
	\$	\$	\$
Issued Capital	20,509,463	(2,617,767)	17,891,696
Short term borrowings	-	2,617,767	2,617,767

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

(c) Capital risk management

The company's objective when managing capital is to safeguard the ability to continue as a going concern so that they can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the issue of additional shares.

There were no changes to the company's approach to capital management nor were there any externally imposed capital requirements during the year.

Note 12: Cash Flow Information

	2012 \$	2011 \$
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand and at bank	403,759	330,890
(b) Reconciliation of Loss after Income Tax to net Cash Flows from Operations		
Loss after income tax	(1,037,040)	(1,446,402)
<i>Non cash flows included within loss</i>		
Depreciation	94,893	93,909
<i>Changes in operating assets and liabilities:</i>		
Decrease in receivables	228,844	116,588
Decrease in inventories	26,767	39,474
Increase/(decrease) in provisions	16,988	(64,834)
Increase/(decrease) in payables	54,190	(128,362)
Net cash outflow from operating activities	<u>(615,358)</u>	<u>(1,389,627)</u>

Credit Standby Arrangements with Banks

Human Genetics Signatures Pty Limited has an unused credit card facility with the bank at the year end date of \$40,000 (2011: \$40,000).

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note 13: Company details

The company's registered office is located at:
Level 10
1 Margaret Street
Sydney NSW 2000

The principal place of business is located at:
Virology Research Laboratory,
Level 3, Clinical Sciences Building, Prince of Wales Hospital
Randwick NSW 2031, Australia

Note 14: Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the company to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

DIRECTORS' DECLARATION

The directors of Human Genetic Signatures Pty Limited have determined that the company is not a reporting entity and this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors declare that:

1. The financial statements and notes, as set out on pages 5 to 17:
 - (a) comply with Accounting Standards to the extent described in Note 1 to the financial statements:
and
 - (b) give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
 - (c) In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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


.....
Director

Robert Birrell

Date: 29th November 2012



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUMAN GENETIC SIGNATURES PTY LIMITED**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Human Genetic Signatures Pty Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 of the financial report that gives a true and fair view 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Qualification

The company has included as a current asset in the Statement of Financial Position as at 30 June 2011, scientific consumables to the value of \$33,690 (refer Note 7). Under Australian Accounting Standards, an item is only capable of recognition as an asset on the Statement of Financial Position when it is probable that the future economic benefits will flow to the entity and the asset has a cost which can be measured reliably. In our opinion, it is not probable that the economic benefits totalling \$33,690 relating to the scientific consumables will flow to the entity. The scientific consumables are not therefore capable of recognition in the Statement of Financial Position, as shown in Note 7 of the company's financial report, and should be recognised as an expense in the Statement of Comprehensive Income. Our audit opinion on the financial report for the year ended 30 June 2011 was modified accordingly. Our opinion on the current year's financial report is also modified because of the effect of this matter on the accumulated losses balance which at 30 June 2012 should be higher by \$33,690.

Qualified Opinion

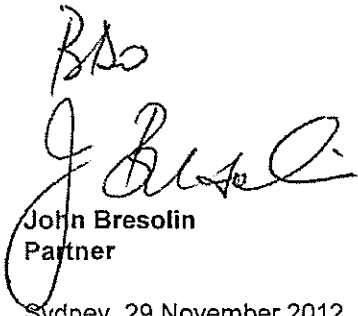
In our opinion, except for the effects on the financial report of the matters referred to in the qualification paragraph, the financial report of Human Genetic Signatures Pty Ltd is in accordance with:

- (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1.

Emphasis of Matter

Without modifying the opinion expressed above, we draw attention to note 1(a) of the financial report. As disclosed in this note, the company has recorded a loss after tax of \$1,037,040 (2011: \$1,446,402). These losses have had a negative impact on the company's cash flow. These conditions, along with other matters as set forth in note 1(a), indicate a significant uncertainty regarding the ability of the company to continue as a going and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

BDO East Coast Partnership


John Bresolin
Partner

Sydney, 29 November 2012