



The Companies Announcements Office,
The Australian Stock Exchange Limited,
SYDNEY
Via: asxonline

Date: 30 August 2011

APPENDIX 4E

The results for announcement to the market are as follows:-

1. The reporting period is twelve months from 1st July 2010 to 30th June 2011. The previous reporting period is twelve months to 30th June 2010.
2. Key information relating to the above reporting period is as follows:-

	30 June 2011	30 June 2010	% change
Revenues from ordinary activities	\$939,875	\$752,329	up 25 %
Profit (Loss) from ordinary activities after tax attributable to members	\$1,054	\$80,144	down 99%
Net Profit (Loss) Net loss attributable to members	\$1,054	\$80,144	down 99%
Proposed dividend	Nil	Nil	
Not applicable			
Refer attached report			
Net tangible assets per issued security	NM	0.03	

3 to 9 – see attached financials.

10. The company did not gain or lose control over any other entity during the reporting period.
11. There are no associates or joint venture entities.
12. See commentary on the results for the period
13. The company is not a foreign entity.
14. See commentary and the attached financials
15. The accounts are in the process of being audited.

COMMENTARY ON RESULTS FOR THE PERIOD

REVENUE

The increase in revenue is due to the improvement in the export sale of raw material during the year. However, this was significantly impacted by the strong appreciation of Australian dollar against the US dollar. Sales of finished goods are no longer undertaken by the Company as it has global sales and distribution agreement with the Chr Hansen. Chr Hansen has been vigorously marketing PCC in various territories but is yet to close a deal at the time of this report. Both Chr Hansen and the company are aware that it will take some time to close out international sales due to lack of brand recognition. Chr Hansen is a global leader in the development of natural ingredient solutions for food, pharmaceutical, nutritional and agricultural industries. It has 2,230 employees globally with a presence in 30 countries and has distributors and agents around the world. During 2010/2011 Chr Hansen had sales of approximately A\$ 770 million.

EXPENDITURE

The company continues to manage its expenses judiciously and the current year expenditure is in line with previous year. The Cost of Goods Sold(denominated in Euros) increased due to a price increase as well from the margin compression from the significant appreciation the Australian dollar against the US\$. This has resulted in a lower gross margin and the operating profit.

BUSINESS STRATEGY

The company continues to pursue its goal of expansion through alliance with global partners as well as other opportunities. Until such time the global sales and distribution agreement with Chr Hansen, the sale of bulk active to a US based Multi-Level Marketing Company and the Development and Licensing Agreement with Nestle remain key to the success of the Company.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 \$	2010 \$
Sale of goods	2(a)	939,644	751,897
Interest revenue	2(a)	231	432
Revenue		939,875	752,329
Cost of sales		(513,473)	(282,456)
Gross profit		426,402	469,873
Other income	2(b)	(21,290)	101,249
Research and development expenses		(1,612)	(19,860)
Intellectual property expenses		(18,603)	(81,393)
Marketing expenses		-	-
Administrative and corporate expenses	2(c)	(378,492)	(374,127)
Finance costs	2(c)	(5,351)	(15,598)
Profit (Loss) before income tax		1,054	80,144
Income tax refund	3	-	-
Loss after tax attributable to members of the parent		1,054	80,144
Other Comprehensive Income		-	-
Net Comprehensive Profit(Loss)		1,054	80,144
Basic profit (loss) per share (cents per share)	5	.00.	0.03
Diluted profit (loss) per share (cents per share)	5	.00	0.03

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2011

	NOTES	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	111,628	237,997
Trade and other receivables	7	106,480	56,399
Total current assets		218,108	294,396
Non-current assets			
Plant and equipment	8	2,625	4,187
Total non-current assets		2,625	4,187
TOTAL ASSETS		220,733	298,583
LIABILITIES			
Current liabilities			
Trade and other payables	9	96,390	125,294
Government grants		-	-
Financial liabilities	10	-	50,000
Total current liabilities		96,390	175,294
TOTAL LIABILITIES		96,390	175,294
NET ASSETS		124,343	123,289
EQUITY			
Issued capital	11	27,761,399	27,761,399
Reserves	12	289,212	289,212
Accumulated losses		(27,926,268)	(27,927,322)
TOTAL EQUITY		124,343	123,289

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2009	27,761,399	(28,007,466)	289,212	43,145
Shares issued during the year	-	-	-	-
Transaction cost on share issues	-	-	-	-
Profit for the year	-	80,144	-	80,144
Cost of share-based payments	-	-	-	-
Balance at 30 June 2010	27,761,399	(27,927,322)	289,212	123,289
Shares issued during the year	-	-	-	-
Transaction cost on share issues	-	-	-	-
Profit for the year	-	1,054	-	1,054
Cost of share-based payments	-	-	-	-
Balance at 30 June 2011	27,761,399	(27,926,268)	289,212	124,343

The accompanying notes form part of these financial statements.

Statement of Cash Flow

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		883,510	1,158,663
Payments to suppliers and employees		(993,785)	(1,003,687)
Receipt of tax rebate on R&D expenditure		39,026	32,913
Interest received (paid)		(5,351)	(36,247)
Finance costs		231	430
NET CASH USED IN OPERATING ACTIVITIES	6	(76,369)	152,072
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	-
Purchase of plant and equipment		-	-
NET CASH USED IN INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	-
Payment of share issue costs		-	-
Repayment of convertible note		(50,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		(50,000)	152,072
NET INCREASE/(DECREASE) IN CASH HELD		(126,369)	152,072
CASH AT BEGINNING OF FINANCIAL YEAR		237,997	85,925
CASH AT END OF FINANCIAL YEAR	6	111,628	237,997

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Probiomics Limited as an individual entity. Probiomics Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in note 15 to the financial statements, the company currently derives 98% of its sales from one customer. The company is dependent on receiving ongoing orders from that customer or identifying alternate revenue streams to continue generating profits and operating cash flows. The company does not have firm orders for all projected sales for the 12 month period from the date of this report.

This factor indicates a significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

- The company has prepared detailed budgets based on past experience and directors best estimates of future sales, which indicate the company will continue to trade profitably and generate positive cash flows;
- The company has been able to generate expressions of interest from potential brokers in relation to capital raisings of \$200,000 and
- The expectation that the company will be successful in generating additional sales revenue; and
- The successful commercialisation and further development by the company of its probiotic technology, that is expected to result in royalty payments for the company.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of products includes direct materials and transportation costs. Costs are assigned on a first-in first-out basis.

(d) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:-

Plant and equipment – ranging from 2 to 20 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(h) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(i) Provisions

Provisions are recognised when the company 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.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Goods and Services Tax (GST)

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 balance sheet are shown inclusive of GST.

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

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments 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.

Key judgements – taxation losses

The company has substantial carry-forward losses for Australian taxation purposes. Deferred tax assets arising from both temporary differences and tax losses are not recognised as their realisation is not considered to be probable.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the entity has decided not to early adopt. These standards are not expected to impact the entity.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
NOTE 2: REVENUES AND EXPENSES		
(a) Revenue		
Sales revenue - sale of goods	939,644	751,897
Interest revenue received from other persons	231	432
	939,875	752,329
(b) Other income		
Government grants	39,026	-
Other income: Net of FX losses	(60,316)	101,249
	(21,290)	101,249
(c) Expenses		
Cost of sales	513,473	282,456
Finance costs paid to external parties	5,351	15,598
Depreciation	1,562	2,497
Foreign currency translation losses	66,628	13,165
Bad and doubtful debts – trade receivables	-	-
Net loss on disposal of plant and equipment	-	-
Share based payment expense	-	-

NOTE 3: INCOME TAX

The components of income tax expense (benefit) comprise:

Income tax expense (benefit) reported in the income statement	-	-
Prima facie tax payable (benefit) on profit (loss) from ordinary activities before income tax at 30% (2010: 30%)	316	24,043
Expenditure not allowable for income tax purposes	560	3,415
Profit (Losses) not brought to account	-	-
Utilisation of Tax Losses	(876)	(27,458)
Income tax expense (benefit) attributable to the company	-	-

The applicable weighted average effective tax rates are as follows: **0%** **0%**

No research and development rebate was received in respect of the year ended 30 June 2010.

At 30 June 2011 the company had not brought to account a deferred tax asset (at 30%) of \$7,634,257 made up of tax losses of \$7,610,685 and timing differences of \$23,572 (2010: tax losses of \$7,611,561 and timing differences of \$20,247) as realisation of the benefit is not probable.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$

NOTE 4: DIVIDENDS PAID AND DECLARED

No dividends have been paid or declared in the reporting period.

NOTE 5: EARNINGS PER SHARE

Earnings profit /(loss) used to calculate basic and diluted EPS	1,054	80,144
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	294,235,077	294,235,077
Weighted average number of options outstanding not included in diluted EPS calculations as the options are anti-dilutive in nature.	2,572,528	2,647,074

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	111,628	237,997
Reconciliation of cash flow from operations with loss after income tax		
Profit / (Loss) after income tax	1,054	80,144
<i>Non-cash flows in profit</i>		
Depreciation	1,562	2,497
Net loss on disposal of plant and equipment	-	-
Cost of share options	-	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	(50,081)	336,621
(Increase)/decrease in prepayments	-	-
(Decrease)/increase in trade and other payables	(28,904)	(267,190)
(Decrease)/increase in provisions	-	-
Decrease/(increase) in government grants	-	-
Net cash flows from operating activities	(76,369)	152,072

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade receivables	99,110	50,621
Other receivables	7,370	5,778
	106,480	56,399
Australian dollar equivalent of amounts receivable in US dollars not formally hedged	99,110	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

2011	2010
\$	\$

NOTE 8: PLANT & EQUIPMENT

Plant and equipment at cost	27,438	27,438
Accumulated depreciation	(24,813)	(23,251)
	<u>2,625</u>	<u>4,187</u>

Movements in carrying amounts

Movement in the carrying amounts between the beginning and the end of the financial year

Balance at 1 July	4,187	6,684
Additions	-	-
Disposals	-	-
Depreciation charge for the year	(1,562)	(2,497)
Balance at 30 June	<u>2,625</u>	<u>4,187</u>

NOTE 9: TRADE AND OTHER PAYABLES

Trade payables	13,957	54,810
Accrued expenses	78,424	67,490
GST liability	1,039	24
Employee superannuation payable	2,094	2,094
PAYG payable	876	876
	<u>96,390</u>	<u>125,294</u>

Trade payables are non-interest bearing and are generally settled on 60 day terms.

Australian dollar equivalent of amounts payable in Euros not formally hedged

-	17,890
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NOTE 10: FINANCIAL LIABILITIES

Convertible notes	-	50,000
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The company paid out the unsecured convertible notes of \$50,000 on 21 September 2010.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
NOTE 11: ISSUED CAPITAL		
Ordinary shares – issued and fully paid	27,761,399	27,761,399
Fully paid ordinary shares carry one vote per share and carry the rights to dividends.		
Ordinary shares at 30 June 2010	294,235,077	27,761,399
Nil issues	-	-
Ordinary shares at 30 June 2011	294,235,077	27,761,399

NOTE 12: RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

The company had no capital or leasing commitments at 30 June 2011 or 30 June 2010.

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

None

NOTE 15: SEGMENT INFORMATION

The Company operates in the bio-technology industry in Australia. The principal operations are to research, develop, market and distribute probiotic products. Sales are made both in Australia and internationally. Due to the nature of the entity's business, the company has only one reportable segment.

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: SEGMENT INFORMATION (Continued)

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2011 and 30 June 2010.

	Australia		USA		Europe		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue								
External sales	-	13,606	926,207	588,291	13,437	231,500	939,644	833,397
Other revenues from external customers	(21,290)	20,181	-	-	-	-	(21,290)	20,181
Segment revenue	(21,290)	33,787	926,207	588,291	13,437	231,500	918,354	853,578
Other segment information								
Segment assets	220,733	298,583	-	-	-	-	220,733	298,583
Capital expenditure	-	-					-	-
Segment liabilities	96,390	175,294					96,390	175,294
Segment depreciation	1,562	2,497					1,562	2,497

The company has one major customer in the US, which accounts for 98% of the revenues.

NOTE 16: SHARE BASED PAYMENTS

Employee Share Option Plan

An employee option plan is established whereby Probiomics Limited may, at the discretion of the directors grant options to purchase ordinary shares in the company to certain eligible employees. The options are granted for no consideration and are generally for a term of five years with the exercise price being determined at the discretion of the directors. Generally the options can be exercised at any time during the term of the option period but are not transferable and are not quoted on ASX. Currently there is one employee who hold valid options.

The following table sets out the number and the weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year	17,000,000	\$0.11	17,000,000	\$0.11
Granted during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	17,000,000	\$0.11	17,000,000	\$0.11
Exercisable at the end of the year	17,000,000		17,000,000	

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: SHARE BASED PAYMENTS (Continued)

The outstanding balance as at 30 June 2011 is represented by:

- 15,000,000 options over ordinary shares with an exercise price of \$0.002 each, exercisable by 25 November 2013;
- 2,000,000 options over ordinary shares with an exercise price of \$0.01 each, exercisable by 3 December 2013; and

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 30 months (2010: 42 months).

NOTE 17: EVENTS AFTER THE BALANCE SHEET DATE

None

NOTE 18: AUDITORS' REMUNERATION

Remuneration of the current auditor, RSM Bird Cameron Partners, for:
Auditing or reviewing the financial report

	2011 \$	2010 \$
	37,169	38,500
	37,169	38,500

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
P.D Ford	Chairman (appointed 24 July 2008)
S.O'Loughlin	Non-executive director (appointed 31 July 2008)
S Taylor	Non-executive director (appointed 25 July 2008)
A. K. Jairath	Chief Financial Officer & Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Option holdings of key management personnel

	Balance 1.7.2010	Granted as compe- nsation	Options exercis- ed	Options lapsed	Balance 30.6.2011	Vested at 30 June 2011		
						Total	Exercisable	Not- exercisable
P D Ford	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
S O'Loughlin	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
S Taylor	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
Executives								
A Jairath	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Total	17,000,000	-	-	-	17,000,000	17,000,000	17,000,000	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(c) Shareholdings of key management personnel

	<i>Balance 1.7.2010</i>	<i>Granted as compensation</i>	<i>Net change other *</i>	<i>Balance 30.6.2011</i>
Directors				
P.D. Ford (i)	3,935,999	-	-	3,935,999
S. O'Loughlin	2,000,000	-	-	2,000,000
S. Taylor	2,400,000	-	-	2,400,000
Executives				
A. Jairath	-	-	-	-
Total	8,335,999	-	-	8,335,999

* Net change other refers to shares purchased or sold during the financial year.

- (i) P D Ford has a beneficial interest in P. Ford Superannuation Ltd & Diskdew Pty Limited which owned 3,519,333 and 416,666 shares each at 30 June 2011.

NOTE 20: RELATED PARTY TRANSACTIONS

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 19: Interests of Key Management Personnel (KMP).

NOTE 21: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and convertible notes.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The company does not have any derivative instruments at 30 June 2011.

Financial risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is managed as the convertible notes have a fixed rate of 10% per annum.

Foreign currency risk

The company is exposed to fluctuations in foreign currencies. Approximately 98% of the company's sales and 93% of the cost of sales are denominated in US dollars and Euros respectively. The company does not hedge its foreign currency transactions as the cost of hedging cannot be justified for the current size of the business. However, should the volume of foreign currency business becomes sizeable in the future, the Company will consider hedging.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The receivable balances are monitored on an ongoing basis. The company's exposure to bad debts is not significant.

There is considerable concentration of credit risk within the company as it only has a few major customers at this stage of its development.

With respect to credit risk arising from other financial assets of the company, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the company trades only with recognised third parties, there is no requirement for collateral security.

Liquidity risk

The company's policy is to maintain a comfortable level of liquidity through the continual monitoring of cash reserves and the raising of additional capital as required.

(b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted average interest rate 2011 %	Non-interest bearing 2011 \$	Floating interest rate 2011 \$	Fixed interest rate maturing within 1 year 2011 \$	Total 2011 \$
Financial Assets					
Cash and cash equivalents	4.5%	-	111,628	-	111,628
Receivables	-	106,480	-	-	106,480
Total financial assets		106,480	111,628	-	218,108
Financial liabilities					
Trade and other payables	-	96,396	-	-	96,396
Convertible notes	10%	-	-	-	-
Total financial liabilities		96,396	-	-	96,396
	Weighted average interest rate 2010 %	Non-interest bearing 2010 \$	Floating interest rate 2010 \$	Fixed interest rate maturing within 1 year 2010 \$	Total 2010 \$
Financial Assets					
Cash and cash equivalents	4.5%	-	237,997	-	237,997
Receivables	-	56,399	-	-	56,399
Total financial assets		56,399	237,997	-	294,396
Financial liabilities					
Trade and other payables	-	125,294	-	-	125,294
Convertible notes	10%	-	-	50,000	50,000
Total financial liabilities		125,294	-	50,000	175,294

Trade and other payables are expected to be paid within 6 months

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

(c) Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes to the financial statements.

(d) Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. The effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar and Euro, with all other variables remaining constant, is not expected to be significant..

NOTE 22 COMPANY DETAILS

The registered office and principal place of business of the company is:

Probiomix Limited
Suite 1A
Level 2
802 Pacific Highway
GORDON NSW 2072