

Tyrian Diagnostics Limited
Annual Report 2011

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Company Particulars

Directors

Roger Amos FCA MAICD
Non-Executive Chairman

Caroline Popper MD MPH
Non-Executive Director

Merilyn Sleigh FTSE FAICD B.Sc (Hons) PhD, Dip Corp Man
Non-Executive Director

Jenny Harry BSc (Hons) Dip Ed. PhD
Executive Director

Company Secretaries

Lisa Jones LLB
Company Secretary

Michael Vamos B.Bus. CA
Assistant Company Secretary

Notice of Annual General Meeting of Tyrian Diagnostics Limited

Location: Taylor Collison Limited, Level 10, 167 Macquarie Street, Sydney, New South Wales
Date: Wednesday, 23 November 2011
Time: 12:00pm

Principal Registered Office in Australia

Unit 1/35-41 Waterloo Road
North Ryde
NSW 2113
Ph: +61 2 9889 1830

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney
NSW 2000
Ph: +61 2 8280 7111

Stock Exchange Listing

Tyrian Diagnostics Limited ordinary shares are listed on the Australian Stock Exchange (Code: TDX). Options are also listed on the Australian Stock Exchange (Code: TDXO)

Independent Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney
NSW 2000

Patent and Trademark Attorneys

FB Rice & Co
Level 23
44 Market Street
Sydney
NSW 2000

Lawyers

Australia
Norton Rose
Level 18, Grosvenor Place
225 George Street
Sydney
NSW 2000

Bankers

Commonwealth Bank of Australia
Corporate Financial Services
Level 3, Tower B, Citadel Towers
799 Pacific Highway
Chatswood
NSW 2067

Dear Shareholder,

As shareholders would be aware, in 2011 the Company was focused on realising commercial outcomes by supporting Bayer's marketing plans for the agriculture diagnostic products, securing a partner to develop its tuberculosis (TB) biomarkers and building its respiratory diagnostics programme.

Subsequent to the financial year end, Bayer CropScience AG (Tyrian's exclusive DiagnostIQ partner) made a strategic business decision to cease further development and commercialisation of its ReadRite diagnostic portfolio. As we reported in August, this decision had a detrimental impact on Tyrian's future cash flow and the Company's prospects of obtaining future funding.

This came as a major disappointment to Tyrian as licensing discussions with third parties for the Company's lead TB biomarkers were well advanced and the Company had made considerable progress on its programme to develop diagnostics for chronic respiratory disease during the past 12 months. Unfortunately, despite these advances those products are still in early stages of development and are not expected to realise substantial revenues in the near to medium term.

Accordingly, after careful deliberation the Board determined that it was in the best interests of shareholders to conserve available cash by immediately reducing the Company's operating costs, to continue negotiations for the licensing and/or sale of its core intellectual property assets, while also considering alternative strategic options for the company.

Under the Company's cost reduction plan, all staff were made redundant and agreed to work through their notice periods in order to implement the revised strategy. In particular, Tyrian's Managing Director, Jenny Harry, together with Robyn Lindner, Chief Scientific Officer, and Lisa Jones, Head of Legal and Business Affairs, will remain with the Company until the end of February 2012 to finalise all arrangements with Bayer and continue discussions for the licensing and/or sale of the Company's core intellectual property assets.

Tyrian and Bayer are currently negotiating the final settlement for termination of the agreements relating to the development, licensing and supply of DiagnostIQ tests and Readers for defined agricultural fields.

The Company has also initiated discussions with third parties with a potential interest in acquiring the DiagnostIQ™ technology for either agricultural and/or clinical diagnostic applications. Importantly, Tyrian wholly owns the DiagnostIQ™ technology and has an agreement with an accredited OEM in Thailand for commercial manufacture of any products using this technology.

Tyrian is also well advanced in negotiating a licence agreement with a third party to use Tyrian's patented molecular biomarker for the development and commercialisation of tests to diagnose active tuberculosis. The molecular TB biomarker is the most advanced of Tyrian's TB assets. However, the Company also anticipates an additional, lower value deal from the licensing/sale of its other proprietary TB reagents.

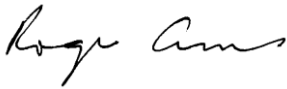
As at 30 September 2011 the Company had \$2,301,718 cash at bank, including a security deposit of \$156,005. This is after re-structuring related expenses of approximately \$400,000 have been incurred and paid, out of an estimated \$1.7M in total costs as outlined in the Company's 2011 Financial Report Note 1(a).

Letter from the Chairman and CEO

The Company's position as an ASX listed entity with cash reserves and no debt at the conclusion of the re-structure process means that it is well placed to consider other strategic opportunities that will maximise value for shareholders in the future. Tyrian has recently engaged TC Corporate Pty Limited as advisers to work with the Board on this process.

The Board is thankful for the ongoing support of shareholders and will keep you informed of any further material developments.

Yours sincerely,



Roger Amos
Chairman



Jenny Harry
Chief Executive Office and Managing Director

The Directors of Tyrian Diagnostics Limited (the "Company") present their report on the Company and the consolidated entity, being the Company and its controlled entities, for the year ending 30 June 2011 ("2011").

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
Jenny Harry
Merilyn Sleigh

Directors and Company Secretaries

ROGER AMOS FCA MAICD

(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, Austar United Communications Limited and Photon Group Limited. He is also Chairman of Opera Foundation Australia and 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.

JENNY HARRY PhD

(Chief Executive Officer, Managing Director)

Dr Jenny Harry, a co-founder of Proteome Systems Ltd, became an executive member of the Board and Deputy Chief Executive in 2005 and was appointed Chief Executive Officer in June 2007. In 2006 she successfully completed the General Manager Programme at Harvard Business School. Over the last 4 years, she has played a central role in guiding Tyrian Diagnostics through its restructuring from a technology development and manufacturing business to a diagnostics business. Her effective combination of scientific and management expertise and experience has contributed strongly to the Company's strategic direction over the years and her efforts have been critical to its success in creating a strong intellectual property portfolio, a cohesive company culture and building relationships with corporate and technology partners. She has been responsible for initiating and negotiating agreements with a number of multinational partners critical to the future of the Company. These include Becton Dickinson, and Company, USA, the Geneva-based Foundation for Innovative New Diagnostics (FIND), supported by Bill and Melinda Gates, Bayer CropSciences AG and Aradigm Corporation.

MERILYN SLEIGH FAICD PhD Dip Corp Man

(Independent Non-Executive Director)

Merilyn Sleigh was appointed to the Board in November 2008, chairs the Audit Committee, and is a member of the Remuneration Committee. Merilyn 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 AdAlta Pty Ltd, Clover Corporation Ltd, the Rural Industries Research and Development Council and Relationships Australia (NSW). Merilyn acts as an advisor on science commercialisation with the Garvan Institute for Medical Research in Sydney, and with CSIRO.

CAROLINE POPPER MD MPH

(Independent Non-Executive Director)

Dr Caroline Popper, 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 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.

Directors' Report continued

LISA JONES LLB

(Company Secretary, Head of Business and Legal Affairs)

Lisa is Head of Business and Legal Affairs for the Company and was appointed Company Secretary in August 2004. She was formerly a senior associate in the corporate and commercial practice of Allen Allen & Hemsley. Lisa served as international legal counsel at Pirelli, one of Italy's largest listed companies. She also spent two years as an associate in the Rome office of a national Italian law firm working on cross-border mergers and acquisitions and international technology development alliances in Europe.

MICHAEL VAMOS B.BUS CA

(Assistant Company Secretary, Chief Financial Officer)

Michael is a chartered accountant with over 15 years experience in finance operations and general management in various industries, most recently as Group Commercial Manager for Mini-Tankers Australia. Previously Michael held key leadership roles within national and international businesses across industries as diverse as business coaching, photography and petroleum. He has a proven ability to implement financial systems and processes to support businesses in a growth phase and has demonstrated his versatility in managing a range of functions including IT, human resources and quality management systems.

Directorships of other listed companies

The following table sets out the directorships of other listed companies held by the current Directors for the three years prior to the end of the financial year.

Director	Directorships of Other Listed Companies	Period Held
Roger Amos	REA Group Limited Espreon Limited Austar United Communications Limited Photon Group Limited	Since July 2006 From July 2006 to 12 March 2009 Since May 2008 From November 2010
Merilyn Sleigh	Clover Corporation Limited	Since July 2008

Board and committee meetings

	Board		Audit		Remuneration & Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Roger Amos	13	13	4	4	1	1
Jenny Harry	13	13	-	-	-	-
Caroline Popper	13	13	-	-	-	-
Merilyn Sleigh	13	12	4	4	1	1

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, options and performance rights of Tyrian Diagnostics Limited are as follows:

Director	Ordinary Shares	Options	Performance Rights
Roger Amos	8,166,086	38,000	-
Jenny Harry	11,063,152	-	11,072,529
Caroline Popper	-	-	-
Merilyn Sleigh	600,000	60,000	-

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

Tyrian Diagnostics Limited ("Tyrian") is an Australian company that develops diagnostic tests on its proprietary point-of-need platform, DiagnostIQ™, for commercialisation with marketing partners. During the year ended 30 June 2011 Tyrian continued to support Bayer CropScience AG in the development and commercialisation of DiagnostIQ products for agriculture, engaged in business development activities to seek other commercial partners for the development of new agricultural products on DiagnostIQ and to identify a development partner for its TB biomarkers, and advanced the development of a clinical diagnostic product for chronic respiratory disease. The significant activities of Tyrian and its Controlled Entities (the Group) comprised:

- a) Completing an independent study at the Public Health Research Institute, New Jersey, to provide initial validation that Tyrian's proprietary mRNA marker for TB had competitive sensitivity and improved specificity compared with the current gold standard (16SRNA) for the diagnosis of TB.
- b) Engaging with prospective partners for the development and commercialisation of a molecular diagnostic test for TB. As at 31 August, these activities are on-going.
- c) Developing diagnostic assays on the DiagnostIQ platform for potential markers of chronic respiratory disease, using clinical sputum specimens provided by US therapeutics company Aradigm Corporation.
- d) Reducing to practice a simple method for sputum processing that is compatible with the DiagnostIQ test platform.
- e) Establishing clinical partners in Australia, Canada and the USA for the provision of well-defined clinical sputum samples and reagents for the development of Tyrian's first proprietary point-of-care test for chronic lung disease.
- f) Signing a Manufacture and Supply Agreement with Bayer CropScience AG for commercial production and supply of the agricultural DiagnostIQ products. Subsequent to 30 June 2011, Bayer has decided to cease production of the agricultural DiagnostIQ products and have proposed to terminate this agreement.
- g) Successfully completing the validation process and technology transfer of the ReadRite-Alpha Amylase product to Pacific Biotech Co. Ltd. in Thailand and supplying 10,000 commercial RR-AA test kits to Bayer for its marketing purposes. A further 25,000 kits were manufactured for delivery at the end of July 2011, prior to Bayer's decision to terminate this product.
- h) Advancing the development of a second agriculture DiagnostIQ test to final prototype stage with Bayer. Bayer has subsequently decided not to invest the funds required to continue development of this product.
- i) Engaging with prospective strategic partners for the expansion of the agricultural product portfolio. Tyrian is continuing these discussions.

The company is no longer continuing with its internal research and development program, but is instead maintaining its diagnostic licensing activities in order to maximise value for shareholders. Please refer to note 1 (a) of the notes to the financial statements for more detail on the company's revised strategy.

Review of operations

Consolidated results

Revenue from continuing operations and other income generated by the Group for the year ended 30 June 2011 was \$1,304,999 (2010: 2,047,808). The net loss after tax attributable to equity holders of the Parent entity for the year ended 30 June 2011 was \$4,383,868 (2010: \$4,155,911).

Loss per share

	2011 cents	2010 cents
For loss attributable to ordinary equity holders of the Company		
Basic loss per share	(0.6)	(0.9)
Diluted loss per share	(0.6)	(0.9)
For loss from continuing operations attributable to ordinary equity holders of the Company		
Basic loss per share	(0.6)	(0.9)
Diluted loss per share	(0.6)	(0.9)

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.

Cash used in operations

Net cash outflows from operating activities for the financial year decreased significantly to \$3,531,217 (2010: \$4,512,133). The Group's continued focus on limiting activities to a few targeted research projects and commercialisation opportunities, divesting surplus assets and reducing the fixed cost base has helped to further reduce operating cash outflows from 2010 levels.

Operations review

Partnering the development of a molecular diagnostic for active Tuberculosis

During FY2011 Tyrian completed an independent study headed by Dr. Barry Kreiswirth, Director of the Public Health Research Institute's TB Center, New Jersey USA, to develop a reliable molecular assay using its lead mRNA marker. This work demonstrated that this marker was a suitable candidate for the accurate and sensitive diagnosis of active TB. Further clinical evaluation of this marker on a commercial molecular diagnostic platform is required to develop a TB diagnostic product.

Tyrian does not have molecular diagnostic technology so it elected to identify a partner/s with the appropriate technology platform for further development and commercialisation of a test using its marker. The company has engaged with a large number of prospective partner/s for further development and commercialisation of a molecular TB diagnostic test. Tyrian is now in advanced discussions with several companies about incorporating its proprietary mRNA marker onto their molecular diagnostic platforms.

Advancing the development of sputum-based diagnostics for Chronic Respiratory Disease

Tyrian has been applying its expertise in sputum processing and its patented diagnostic test device to pioneer the development of simple sputum-based diagnostics for use at point-of-care. Over the past 12 months, Tyrian has established assays for a number of key sputum-based markers of chronic lung disease on its DiagnostIQ™ platform and, through consultation with key opinion leaders and clinicians in Australia, Canada, and the USA, has defined a clinical need for a simple test that would detect and quantify some of these key markers. Such a test would help to differentiate among the various treatment options for lung conditions such as chronic obstructive pulmonary disease (COPD) and asthma.

Some of the significant advances the company has made during FY2011 include; reduction to practice of a novel, simple and reproducible method for processing sputum samples that is compatible with the DiagnostIQ test platform, demonstration that sputum provides better results than blood as a test sample for evaluating the pathology of lung disease, development of new design concepts intended to improve the use of the DiagnostIQ platform in clinical settings (vs agricultural environments), and establishment of clinical partners to assist Tyrian to develop its first proprietary point-of-care test for chronic lung disease. The company is currently in discussions with these partners to determine a way to proceed with its program.

Commercialising ReadRite Alpha Amylase

During the 2011 financial year the Company continued to provide Bayer with manufactured RR-AA product and to support Bayer's marketing strategy to achieve independent certification of this product for target markets. This involved providing RR-AA test kits and product dossiers to industry and government organisations in Canada and the US for evaluation. The purpose of these studies was to assist market acceptance of the Company's proprietary technology for Point-of-Need testing within the field of crop quality management. This product, used to assess wheat quality for pricing at the point of sale, has performed at least as well as or better than the current industry gold standard test. Bayer has now decided not to proceed further with marketing and sales of this product.

Advancing Development of a second Agricultural Product

The multi-site evaluation of the second commercial crop test for Bayer was concluded in August 2010, with results showing a >95% correlation to the reference standard method, HPLC. As a result of this feedback, Tyrian proceeded with further test development and optimisation, including development to specific performance and test accessory requirements needed to meet the specific marketing and end user requirements for Bayer. The advanced development phase was completed in March 2010, with results showing that the test reagents supplied by Bayer did not meet the required test performance specifications. Tyrian conducted an evaluation

study of other commercially available reagents and demonstrated varying levels of performance, requiring Bayer to conduct further marketing exercises to determine the final product development path. Since 30 June 2011, Bayer has decided not to invest further in the development of this product.

Commercial Manufacturing Capability

As a result of Tyrian's established commercial relationship with Pacific Biotech Co. Ltd, Thailand in June 2010, the ReadRite Alpha-Amylase technology transfer and validation batch manufacturing continued, with the successful completion of Validation Batches 2, 3 and 4, totalling 16,000 test kits. The off-shore manufacture of these validation batches was to primarily verify and validate the manufacturing capability and quality processes of our manufacturing partner, all while scaling up the batch size to a commercial volume to meet expected forecast demands. The final validation batch of 10,000 test kits commenced in June 2011, with the results showing the successful technology transfer of the ReadRite Alpha-Amylase test, manufactured on Tyrian's DiagnostIQ test platform.

Identification of a Strategic Partner for Agriculture Diagnostics

Point-of-Need diagnostics is a small, but rapidly emerging area in agriculture. During FY2011 Tyrian engaged Agri consultant groups in Australia and the USA to assist the company to identify product opportunities and potential investment partners for the development of new diagnostic products for agriculture. This provided the company with a good understanding of how its technology might be positioned and there has been considerable interest in Tyrian's DiagnostIQ technology among companies and organisations in the agricultural industry. Two key issues that have made it difficult to attract a strategic partner have been Tyrian's inability to demonstrate a growing revenue stream for the existing agriculture products and the fact that many third parties view our current partner as a competitor. Nonetheless, we are continuing discussions with two companies for different product areas in agriculture.

Licensed Eukarion portfolio of drug compounds

In late 2008 Tyrian announced it was ceasing active efforts to develop and commercialise a therapeutic compound portfolio acquired through the Company's 2005 merger with Eukarion, Inc. The Company continued to maintain the patent portfolio underpinning the Eukarion compounds with a view to outlicensing the compounds. In November 2009, Tyrian entered a licensing agreement with Mindset Rx Inc, a US based company recently founded by the original founder of Eukarion, Inc, Dr Bernard Malfroy. Under this licensing agreement, if Mindset is successful in developing or licensing the compounds then Tyrian would receive license fees and royalties on sales. Tyrian will also be issued with shares in Mindset equal to 5% of the outstanding shares of common stock. While Tyrian remains the owner of the relevant patent portfolio, under the terms of the licence agreement, Mindset assumes responsibility for all costs associated with maintaining the patents.

Expenses from continuing operations:

A decrease in expenses from continuing operations reflects continuing focus of the Company on cost containment. Over the full period

- Employment costs decreased by 2% to \$3.24million (2010: \$3.31 million). While staff numbers reduced significantly during the period to 17 employees (2010: 23 employees), the reduction in ongoing employment costs were partially off-set by one-off costs associated with staff redundancies.
- Occupancy costs decreased by 55% to \$0.32 million (2010: \$0.7 million)
- Corporate and administrative expenses reduced by 5% to \$1.01 million (2010: \$1.07 million)

Patent costs increased by 67% to \$0.25M (2010: \$0.15M) reflecting the company's commitment towards protecting the value of its existing TB IP and grow the number of granted patents over its DiagnostIQ platform.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

An increase in contributed equity of \$3,644,862 (from \$119,958,301 to \$123,603,163). This occurred predominantly as a result of the issue of 496,516,341 fully paid ordinary shares at \$0.008 each through a fully under-written non-renounceable rights issue to existing shareholders. The Company issued one attaching option and one commitment option for every five new shares subscribed for at the time of this issue of new shares. These attaching and commitment options have an exercise price of \$0.012 per share and will expire on 20 December 2013. A total of 199,006,544 listed attaching options were issued under the offer. The increase in equity is represented by cash received from the issue, net of capital raising costs. The cash received from the rights issue will be used to further develop the Group's diagnostic business.

Matters subsequent to the end of the financial year

Since the end of the financial year, the company has substantially restructured its operations – refer to Note 1(a) for details. Other than this restructure, 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group 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 Group.

Environmental regulations

The Consolidated Entity is subject to environmental regulations regarding disposal of wastes generated in the operation of its laboratories in Sydney, Australia. The volume of laboratory waste has decreased to such an extent that the Company has been advised by the Environment Protection Authority (EPA) that the Company no longer requires a licence for such activities. However, such wastes are still separately collected and classified according to type, for example solvents and all other potentially hazardous material, and are collected and disposed of by an EPA-licensed waste contractor.

The Company has made an assessment of its greenhouse gas emissions, and has concluded that its emissions are of a magnitude that is well below the thresholds that would otherwise require it to register and report for the 2011 financial year under the Greenhouse Gas Reduction Scheme. The Company has a current licence with Sydney Water (Commercial Trade Wastewater Permit).

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 Chief Executive Officer, the Chief Financial Officer and the Head of Business and Legal Affairs 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 \$43,025 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 199,006,544 options over the Company's ordinary shares on issue (199,006,544 at reporting date). These options are listed on the Australian Stock Exchange.

During the financial year:

- 199,006,544 listed options were issued;
- no shares were issued in satisfaction of rights that had vested from these options;
- 62,207,286 unlisted options expired.

Between 1 July 2011 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.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Refer to note 20 of the financial statements for further details of options outstanding.

Performance rights

As at the date of this report, there were 32,574,836 performance rights over the Company's ordinary shares on issue (32,574,836 at reporting date). None of these rights are listed on the Australian Stock Exchange.

During the financial year:

- 39,820,064 performance rights were granted to executives and employees of the company;
- 4,644,090 shares were issued in satisfaction of rights that had vested;
- 3,971,774 performance rights were forfeited.

Between 1 July 2011 and the date of this report:

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

The details of the 32,574,836 employee performance rights are summarized below:

Right Type	Number on Issue	Exercise Price	Vesting Period
Employee performance right	640,317	n/a	October 2008 – September 2011
Employee performance right	3,782,460	n/a	October 2009 – September 2011
Employee performance right	3,782,460	n/a	October 2009 – September 2012
Employee performance right	8,123,201	n/a	October 2010 – September 2011
Employee performance right	8,123,201	n/a	October 2010 – September 2012
Employee performance right	8,123,197	n/a	October 2010 – September 2013

Performance right holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

Refer to note 32 of the financial statements for further details of performance rights outstanding.

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
- C Service Agreements
- D Share-based compensation
- E Additional information

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 one meeting 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 2011, the Company paid non-executive directors a total of \$247,646. Details of the fees paid are set out in the table on page 15.

Executive remuneration

Remuneration for executives comprises fixed and variable components as follows:

- **fixed remuneration** includes base salary, superannuation and benefits;
- **variable short term incentive remuneration** consisting of short term incentives which may be paid in cash, equity or other agreed non-monetary benefits and which reward an executive's performance against specified individual and/or company performance objectives; and
- **long term incentives (equity based)** which are subject to the satisfaction of performance and/or service vesting conditions and are intended to retain key executives (through service vesting conditions) and reward performance against agreed individual, business and company performance objectives.

Policies in relation to short and long term incentives are established by the Remuneration & Nominations Committee and reviewed annually. The Remuneration & Nominations Committee recommends to the Board the short term incentive payments and long term incentives for the CEO and other specified executives and approves any short term incentive payments and long term incentives offered to executives and employees.

Fixed remuneration

Base pay

Base pay is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Base salaries are set according to the individual executive's role, performance and experience and the market value of the position.

There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Executives are entitled to salary package various fringe benefits, with any applicable fringe benefits tax being included in, and not additional to, the base salary package. In addition to their package, they receive income protection insurance after completing one year's service.

Executives are entitled to be reimbursed for all reasonable expenses incurred in connection with their employment. Executives may also be entitled to receive additional benefits in the event of relocation, including relocation costs, tax advisory services, school fees and accommodation costs.

All benefits received by key management personnel are set out in the tables on page 15.

Superannuation and Retirement Benefits

Employees are provided with superannuation plan contributions of up to 10% of their wages and salaries. The superannuation plans provide accumulated benefits. No retirement benefits are provided other than superannuation contributions.

Variable (at-risk) short term incentives

Annual short term incentives may be provided to executives and employees to reward performance against agreed company objectives (which may be financial targets and/or strategic business objectives) and individual performance. Each year the Remuneration & Nominations Committee sets the applicable general company objectives for executives and any specific individual performance targets that apply to the CEO and specified executives, and approves the individual performance targets of other executives. An executive's entitlement to receive a short term incentive reward may be based on a combination of achievement of company objectives and individual performance targets as determined by the Remuneration Committee. Where individual performance target components are set, these targets are selected on the basis that they are objectives which underpin financial or strategic company objectives and improve the performance of the Company.

Short term incentives may be paid in cash or by a grant of performance rights under the Performance Rights Share Plan. Generally, where performance rights are granted as short term incentive rewards, those performance rights will be subject to further service vesting conditions and the shares allocated pursuant to the performance rights (if those service vesting conditions are met) may be subject to further restrictions on disposal. All cash incentive payments (bonuses) are payable on and with effect from 30 September each year.

Salary reviews are usually effective from 1 October each year, although where there has been a considerable change in the scope or nature of an executive's role, a salary review can be made effective from an alternative date.

Long term incentives (equity based)

Executives and certain key employees are entitled to receive equity based long-term incentives. During 2005, the Company introduced the Tyrian Diagnostics Performance Rights Share Plan (Plan), which was last approved by shareholders at the Company's 2010 AGM. Under the Plan, eligible executives and employees are offered rights to acquire ordinary shares in the Company (performance rights), with each performance right providing the right to acquire one ordinary share for nil consideration. The Company also had an employee share option plan that was adopted in June 2001 (ESOP). It is the intention of the Board to grant performance rights under the Plan for executive long term incentives, rather than options under the ESOP, unless special circumstances exist which lead the Board to consider that a grant of options under the ESOP is more appropriate.

Directors' Report

continued

During 2011 long term incentives, in the form of performance rights, were issued to the CEO, CSO, CFO, Head of Business and Legal Affairs and COO. These rights were issued in accordance with the terms of the Company's Performance Rights Shares Plan (refer below) and are subject to performance vesting conditions that had yet to be satisfied at the date of this report.

Tyrian Diagnostics Performance Rights Share Plan

The Performance Rights Share Plan (Plan) was introduced to assist the Company to attract and retain executives and staff and to link employee performance and reward with the creation of shareholder value. Performance rights may be offered to eligible employees under the Plan as short-term or long-term incentives.

The Board may grant an eligible employee an award of performance rights, which vest over a specified period of time, and the performance rights may be subject to service vesting conditions (meaning that an employee must continue to be employed in good standing for a specified period of time) and/or performance conditions. Long-term incentive awards (meaning those that vest over a period of more than 12 months) are generally only granted to managers and executives. The value of long-term incentive awards of performance rights is generally calculated by reference to total fixed remuneration. The value of the award of performance rights in any year must not exceed two times fixed remuneration (as valued at the date of grant or commencement of performance period), other than in exceptional circumstances approved by the Board.

The service vesting conditions and performance conditions that govern vesting of performance rights are recommended by the Remuneration & Nominations Committee and approved by the Board. The performance conditions may include total shareholder return (TSR), growth in earnings per share (EPS) as measured against a comparable group of ASX listed companies, specific share price targets, or other performance conditions relating to individual or business objectives as determined by the Board from time to time having regard to the Company's circumstances.

Details of all performance rights granted to specified executives and directors during and since the financial year, including the applicable service vesting and performance conditions, are set out in Section D "Share Based Compensation" of this report.

Remuneration policy and performance

As previously stated, the primary aim of the Company's remuneration policy for executives is to align executive reward with the achievement of strategic objectives that create value for shareholders. The secondary aim of the Company's remuneration policy is to retain key executives. The Board believes that the retention of these executives is directly linked to the future performance of the Company.

In line with the above objectives, a significant proportion of the CEO's and specified executives' remuneration is "at risk" remuneration.

The CEO, Head of Business and Legal Affairs, COO, CSO, and CFO have been issued with certain equity based compensation (performance rights), which will vest upon the achievement of specific milestones. All such compensation issued in the current financial year, and all such performance rights outstanding at the date of this report, are subject to company milestones or individual performance objectives that will deliver value to shareholders.

Further details of the performance rights granted to the CEO, Head of Business and Legal Affairs, COO, CSO and CFO are set out in Section D "Share Based Compensation" of this report.

B Details of remuneration

Directors and executives disclosed in this report

The key management personnel of the Group are the directors of Tyrian Diagnostics Limited as listed on page 5 of this report, and the executive officers listed below. These executive officers also constitute all group executives as defined by s300A of the *Corporations Act 2001*.

- Lisa Jones, Head of Business & Legal Affairs and Company Secretary
- Robyn Lindner, Chief Scientific Officer (CSO)
- Michelle Gow, Chief Operating Officer (COO)
- Michael Vamos, Chief Financial Officer (CFO and Assistant Company Secretary)

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 Group are set out in the following tables:

Key Management Personnel of the Group and other Group Executives

2011	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 cash bonus and fees	
	\$		\$	\$	\$	\$	\$	\$
<i>Non-executive directors</i>								
Roger Amos	82,569	-	-	-	7,431	-	45,088	135,088
Marilyn Sleigh	45,872	-	-	-	4,128	-	-	50,000
Caroline Popper	62,558	-	-	-	-	-	-	62,558
Sub-total non-executive directors	190,999	-	-	-	11,559	-	45,088	247,646
<i>Executive directors</i>								
Jenny Harry	300,000	35,584	-	-	33,559	48,889	48,175	466,207
<i>Other Key Management Personnel</i>								
Lisa Jones	145,500	11,895	-	-	15,740	16,343	14,091	203,569
Robyn Lindner	185,000	15,047	-	-	20,005	20,735	17,825	258,612
Michelle Gow	183,486	13,991	-	-	17,773	16,255	16,423	247,928
Michael Vamos	176,539	9,761	-	-	16,767	9,846	11,457	224,370
Total key management personnel	1,181,524	86,278	-	-	115,403	112,068	153,059	1,648,332

Note: The executive director, key management personnel and the chairman had part of their cash bonuses or directors fees paid by way of issuance of shares as a direct measure to conserve the Group's cash reserves.

2010	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	123,853	-	-	-	11,147	-	-	135,000
Marilyn Sleigh	55,046	-	-	-	4,954	-	-	60,000
Caroline Popper	61,164	-	-	-	-	-	-	61,164
Sub-total non-executive directors	240,063	-	-	-	16,101	-	-	256,164
<i>Executive directors</i>								
Jenny Harry	300,000	80,000	-	-	38,000	8,687	-	426,687
<i>Other Key Management Personnel</i>								
Lisa Jones	156,000	26,742	-	-	18,274	10,485	-	211,501
Robyn Lindner	185,000	35,673	-	-	22,067	13,877	-	256,617
Jaime Pinto ¹	114,790	26,972	-	-	12,023	(194)	-	153,591
Michelle Gow	183,486	17,695	-	-	18,106	8,847	-	228,134
Michael Vamos ²	63,693	-	-	-	5,732	-	-	69,425
Total key management personnel	1,243,032	187,082	-	-	130,303	41,702	-	1,602,119

Notes to the preceding remuneration table:

¹ Jaime Pinto resigned as CFO effective 14 January 2010

² Michael Vamos was appointed CFO effective 4 February 2010.

Proportion of performance based remuneration:

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		Short-term performance based		Long-term performance based	
	2011	2010	2011	2010	2011	2010
<i>Executive Directors</i>						
Jenny Harry	72%	79%	18%	19%	10%	2%
<i>Other key management personnel of Tyrian Diagnostics Limited</i>						
Lisa Jones	79%	82%	13%	13%	8%	5%
Robyn Lindner	79%	81%	13%	14%	8%	5%
Michelle Gow	81%	88%	12%	8%	7%	4%
Michael Vamos	90%	100%	5%	Nil	5%	Nil

C Service agreements

Remuneration and other terms of employment for the CEO and other key management personnel, excluding non-executive directors, are formalised in service agreements. No two agreements are the same, with each providing for a combination of benefits that may include the reimbursement of work-related expenses, the provision of benefits including income protection insurance, and participation, when eligible, in one or more share based performance plans. Other major provisions of the agreements relating to remuneration for the CEO and other current key management personnel are set out below. Unless otherwise indicated, details relate to the service agreements in place as at 30 June 2011.

Jenny Harry – CEO/Managing Director

Length of contract	No fixed term.
Fixed remuneration	\$300,000 plus 10% superannuation; to be reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance is provided.
Incentives	Dr Harry is entitled to participate in the Company's Performance Share Plan and to receive short term (cash) and long term (performance rights) incentives. See the table on page 18 for details.
Resignation	Dr Harry may cease her employment with the Company by providing three months written notice of resignation.
Termination	The Company may terminate Dr Harry's employment by providing six months written notice or pay in lieu thereof.
Severance payment	Dr Harry is entitled to receive a payment equal to three weeks salary for every year of continuous service under the terms of her contract with the Company in the event of her being made redundant.

Lisa Jones – Head of Business and Legal Affairs

Length of contract	No fixed term.
Fixed remuneration	\$156,000 plus 10% superannuation; to be reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance is provided.
Incentives	Ms Jones is entitled to participate in the Company's Performance Share Plan and to receive short term (cash) and long term (performance rights) incentives. See the table on page 18 for details.
Resignation	Ms Jones may cease her employment with the Company by providing three months written notice of resignation.
Termination	The Company may terminate Ms Jones's employment by providing six months written notice or pay in lieu thereof.
Severance payment	Ms Jones is entitled to receive a payment equal to three weeks salary for every year of continuous service under the terms of her contract with the Company in the event of her being made redundant.

Michelle Gow - Chief Operating Officer	
Length of contract	No fixed term.
Fixed remuneration	\$183,486 plus 9% superannuation; to be reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance is provided
Incentives	Ms Gow is entitled to participate in the Company's Performance Share Plan and to receive short term and long term incentives (cash or performance rights) at the discretion of the Board. See the table on page 18 for details.
Resignation	Ms Gow may cease her employment with the Company by providing three months' written notice of resignation.
Termination	The Company may terminate Ms Gow's employment by providing three months' written notice or pay in lieu thereof.

Michael Vamos - Chief Financial Officer	
Length of contract	No fixed term.
Fixed Remuneration	\$180,000 plus 9% superannuation; to be reviewed annually.
Other Benefits	Coverage under the Company's salary continuance insurance is provided
Incentives	Mr Vamos is entitled to participate in the Company's Performance Share Plan and to receive short term and long term incentives (cash or performance rights) at the discretion of the Board. See the table on page 18 for details.
Resignation	Mr Vamos may cease his employment with the Company by providing one month's written notice of resignation.
Termination	The Company may terminate Mr Vamos' employment by providing three month's written notice or pay in lieu thereof.

Robyn Lindner – Chief Scientific Officer	
Length of contract	No fixed term.
Fixed Remuneration	\$185,000 plus 10% superannuation; to be reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance is provided
Incentives	Dr Lindner is entitled to participate in the Company's Performance Share Plan and to receive short term and long term incentives (cash or performance rights) at the discretion of the Board. See the table on page 18 for details.
Resignation	Dr Lindner may cease her employment with the Company by providing three months' written notice of resignation.
Termination	The Company may terminate Ms Lindner's employment by providing six months' written notice or pay in lieu thereof.

D Share-based compensation

Unlisted Options

Key management personnel have accumulated options in shares over the company through the issue of unlisted options via the Employee Share Option Plan ("ESOP").

The ESOP was adopted in June 2001, pursuant to which Tyrian Diagnostics Limited may, at the discretion of the Board, grant unlisted options to purchase ordinary shares in Tyrian Diagnostics Limited to directors, employees, advisors and consultants of the consolidated entity. However, the ESOP was largely superceded by the introduction of the Performance Rights Share Plan in 2004.

The unlisted options are issued for a term stated in the option agreement, not exceeding five years from the date of the grant, and have an exercise price as determined by the Board. The options are not quoted on the ASX. When exercisable, each unlisted option is convertible into one ordinary share.

At 30 June 2011 no key management personnel held unlisted options in shares over the company

No unlisted options were issued to key management personnel of the Group during the year ended 30 June 2011 (2010: nil).

Directors' Report

continued

The terms and conditions of each grant of unlisted options affecting remuneration of key management personnel in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Weighted average exercise price	Value per unlisted option at grant date	Date exercisable
4 Dec 2006	4 Dec 2011	\$ 0.29	\$ 0.18	50% after 4 Dec 2007, 50% after 4 Dec 2008

The numbers of options over ordinary shares in the company held during the current and previous financial years by key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2011				
<i>Other key management personnel of the Group</i>				
Nil				

	Balance at the start of the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2010				
<i>Other key management personnel of the Group</i>				
Nil				

The assessed fair value at grant date of options granted to key management personnel is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date have been determined using a Black-Scholes pricing model that takes into account the exercise price, the vesting period of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were granted during the year ended 30 June 2010 or 30 June 2011.

Shares provided on exercise of remuneration unlisted options

There were no ordinary shares in the Company issued as a result of the exercise of remuneration unlisted options held by key management personnel of the Group during the year ended 30 June 2011 (2010: nil).

Performance rights

Performance rights are issued to key management personnel under the 2004 Performance Rights Share Plan ("Plan"). The Plan was established pursuant to shareholder approval obtained at the Company's AGM in 2004 and re-confirmed by shareholders at the Company's AGM in 2010. For further details, refer to pages 13 & 14 of this Remuneration Report. The Performance Rights are not quoted on the ASX.

At 30 June 2011 there were five key management personnel who held performance rights, or who had been allocated shares pursuant to performance rights issued under the Plan. Performance rights granted under the Plan are subject to service vesting conditions and/or performance conditions as determined by the Board. The applicable service vesting and performance conditions are set out in the letter of offer of performance rights. Shares are allocated pursuant to performance rights on satisfaction of the applicable conditions. Once allocated, shares may be subject to restrictions on disposal as set out in the Plan Rules and as determined by the Board.

The terms and conditions of each grant of performance rights affecting remuneration of key management personnel in the previous, this or future reporting periods are as follows:

Number of performance rights	Grant date	Vesting period	Weighted average exercise price	Type of vesting condition
1,370,636	20 Jan 2009	1 Oct 2008 – 30 Sep 2011	Nil	Performance and service vesting
9,768,698	5 July 2010	1 Oct 2009 – 30 Sep 2012	Nil	Performance and service vesting

5,500,000	5 July 2010	1 Oct 2009 – 30 Sep 2012	Nil	Performance and service vesting
24,551,366	30 Dec 2010	1 Oct 2010 – 30 Sep 2013	Nil	Performance and service vesting

Performance rights are granted under the plan for no consideration. Performance rights do not confer any dividend or voting rights until shares are allocated pursuant to those performance rights upon satisfaction of any applicable conditions. The Plan rules do not contain any restrictions on removing the 'at risk' aspect of the instruments granted to employees.

The numbers of performance rights held during the financial year by key management personnel of the Group are set out below.

	Balance at the start of the year	Granted during the year as compensation	Converted to shares during the year	Expired during the year (performance criteria not met)	Balance at the end of the year
2011					
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>					
Jenny Harry	586,666	13,529,197	(1,668,333)	(1,375,001)	11,072,529
<i>Other key management personnel of the Group</i>					
Lisa Jones	196,106	4,522,617	(557,696)	(459,642)	3,701,385
Robyn Lindner	261,600	5,363,360	(712,229)	(436,071)	4,476,660
Michelle Gow	-	5,271,112	(535,714)	(535,716)	4,199,682
Michael Vamos	-	3,068,822	-	-	3,068,822
2010	Balance at the start of the year	Granted during the year as compensation	Converted to shares during the year	Expired during the year (performance criteria not met)	Balance at the end of the year
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>					
Jenny Harry	1,100,000	-	(293,333)	(220,001)	586,666
<i>Other key management personnel of the Group</i>					
Lisa Jones	367,700	-	(98,053)	(73,541)	196,106
Jaime Pinto	420,000	-	(98,000)	(322,000)	-
Robyn Lindner	436,000	-	(130,800)	(43,600)	261,600

All outstanding performance rights are subject to vesting conditions. Upon satisfaction of vesting conditions, shares will be issued to the holders of the performance rights for nil consideration.

The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date have been determined using a Black-Scholes pricing model that takes into account the exercise price, the vesting period of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

The Black Scholes model inputs for rights granted relating to the year ended 30 June 2011 included:

- (a) rights are granted for no consideration
- (b) exercise price: nil (2010 : nil)
- (c) grant date: 30 December 2010
- (d) expiry date: various
- (e) share price at grant date: \$0.007 (2010: \$0.02)
- (f) expected price volatility of the company's shares: 60% (2010: 60%)
- (g) expected dividend yield: 0% (2010: 0%)
- (h) risk-free interest rate: 4.730% (2010: 4.595%)

Shares provided on exercise of remuneration rights

Details of ordinary shares in the company issued to key management personnel of the Group pursuant to the satisfaction of vesting conditions of performance rights are set out below.

Directors' Report continued

	Date of issue of shares	Number of ordinary shares issued on conversion of rights during the year	
		2011	2010
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>			
Jenny Harry	31 Jan 2011	1,668,333	-
	22 Dec 2009	-	293,333
<i>Other key management personnel of the Group</i>			
Lisa Jones	31 Jan 2011	2,570,730	-
	22 Dec 2009	-	98,053
Robyn Lindner	31 Jan 2011	3,258,632	-
	22 Dec 2009	-	130,800
Jaime Pinto	22 Dec 2009	-	98,000
Michelle Gow	31 Jan 2011	535,714	-

No amounts were paid or are payable by key management personnel on the issue of the above shares.

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Over the past five years the Group has incurred operating losses, which have been funded by additional capital raisings, and no dividends have been paid. Total shareholder wealth has reduced as the Group's net assets have reduced over the five years, with the net asset backing per share reducing from \$0.054 to \$0.003. The share price has decreased from \$0.009 on 30 June 2010 to \$0.005 at 30 June 2011.

Given the business is still in an early development stage the Remuneration & Nominations Committee has determined that the traditional performance criteria of profitability and return on investment are not yet the most suitable criteria to assess the Group. Criteria used to assess the performance of key management personnel and other senior management currently include the achievement of project milestones and the successful negotiation of commercial contracts.

Details of remuneration: cash bonuses, options and performance rights

Details of cash bonuses paid to Key Management Personnel are disclosed in the tables on page 15 of the remuneration report.

For each grant of performance rights included in the tables on pages 15, 18 & 19, the percentage of the available grant that vested in the financial year, the percentage that expired because the person did not meet the service and performance conditions, and the percentage that is still outstanding, are set out in the following table. The performance rights vest over differing periods provided the vesting conditions are met (refer pages 18 & 19). No performance rights will vest if the vesting conditions are not satisfied, hence the minimum value of the performance rights yet to vest is nil. The maximum value of the performance rights yet to vest has been determined assuming all performance rights vest, using the valuation criteria outlined in page 19 of the remuneration report.

Rights							
Name	Year granted	Vested	Expired (performance criteria not met)	Outstanding	Financial years in which rights may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%	%		\$	\$
Jenny Harry	2009	53%	20%	27%	2010-12	Nil	11,733
Jenny Harry	2010	25%	11%	64%	2011-13	Nil	31,680
Jenny Harry	2011	Nil	Nil	100%	2012-14	Nil	56,205
Lisa Jones	2009	53%	20%	27%	2010-12	Nil	3,922
Lisa Jones	2010	25%	25%	50%	2011-13	Nil	8,274
Lisa Jones	2011	Nil	Nil	100%	2012-14	Nil	18,789
Robyn Lindner	2009	60%	10%	30%	2010-12	Nil	5,233
Robyn Lindner	2010	27%	20%	53%	2011-13	Nil	10,466
Robyn Lindner	2011	Nil	Nil	100%	2012-14	Nil	22,281
Michelle Gow	2010	25%	25%	50%	2011-13	Nil	9,644
Michelle Gow	2011	Nil	Nil	100%	2012-14	Nil	21,897
Michael Vamos	2011	Nil	Nil	100%	2012-14	Nil	21,483

Share-based compensation: rights

Further details relating to performance rights and options issued are set out below.

	A	B	C	D
Name	Remuneration consisting of rights	Value at grant date	Value at share issue date	Value at expiry date
	%	\$	\$	\$
Jenny Harry	20.8%	105,705	10,010	Nil
Lisa Jones	15.0%	18,789	3,346	Nil
Robyn Lindner	14.9%	22,281	4,273	Nil
Michelle Gow	13.2%	21,897	3,214	Nil
Michael Vamos	9.5%	21,483	-	Nil

A = The percentage of the value of 2011FY remuneration consisting of rights or options, based on the value of rights or options expensed as set out in the table on page 15 of this Remuneration Report.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payments* of rights or options granted during the year as part of remuneration.

C = The value of vested rights or options for which shares were issued during the year (difference between market share price and price paid at date of share issue).

D = The value at expiry date calculated in accordance with AASB 2 *Share-based Payments* of rights or options that were granted as part of remuneration and that expired in accordance with the terms of the rights or options.

Loans to/from directors and executives

There are no loans to or from directors and executives.

Share options granted to directors and the most highly remunerated executives

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 five most highly remunerated executives of the Group as part of their remuneration.

Performance rights granted to directors and the most highly remunerated executives

31,755,108 performance rights over unissued ordinary shares of Tyrian Diagnostics Limited were granted during the financial year to the five most highly remunerated executives of the Group as part of their remuneration.

No performance rights over unissued ordinary shares of Tyrian Diagnostics Limited have been granted since the end of the financial year to any of the five most highly remunerated executives of the Group as part of their remuneration.

Rights granted are as follows:

Name	Performance Rights Granted During the Financial Year	Performance Rights Granted Since the end of the Financial Year	Total Performance Rights Granted
Jenny Harry	13,529,197	Nil	13,529,197
Robyn Lindner	5,363,360	Nil	5,363,360
Lisa Jones	4,522,617	Nil	4,522,617
Michelle Gow	5,271,112	Nil	5,271,112
Michael Vamos	3,068,822	Nil	3,068,822

Details of rights granted are included on the table on page 20 of this report.

Auditor

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

Directors' Report

continued

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:

	Consolidated	
	2011	2010
	\$	\$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	151,276	160,609
Total remuneration for audit services	151,276	160,609

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 and/or the consolidated entity are important.

The auditor provided the company with \$1,700 (2010: \$2,000) 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*.

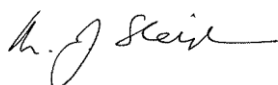
Auditors' independence declaration

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 Sleight
Director

Sydney,
31 August 2011

Auditor's Independence Declaration

As lead auditor for the audit of Tyrian Diagnostics Limited for the year ended 30 June 2011, 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.

This declaration is in respect of Tyrian Diagnostics Limited and the entities it controlled during the period.

A handwritten signature in dark ink, appearing to read 'S. Horlin'.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
31 August 2011

PricewaterhouseCoopers, ABN 52 780 433 757

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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) 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 Board and management

1.1 Role of the Board and Senior Management

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.

1.2 Evaluation of Performance of Senior Executives

The Remuneration & Nominations Committee is specifically responsible for reviewing the ongoing performance of the Chief Executive Officer and ensuring there is an appropriate process to review the performance of senior executives and for setting and approving performance objectives of senior executives in relation to bonus payments and options. In September of each year the Remuneration & Nominations Committee:

- approves individual milestone objectives for the CEO and Senior Executives for the coming 12 month period. Milestones are based on the Company's strategic plan as approved by the Board;
- evaluates the performance of the CEO compared to milestone objectives set at the beginning of the performance period and approves the payment of any bonus and/or the grant and vesting of any performance rights related to the CEO's performance;
- in relation to senior executives, reviews recommendations, considers and approves the payment of any bonus and/or the grant and vesting of any performance rights based on performance of milestone objectives for the preceding 12 month performance period.

The Remuneration & Nomination Committee conducted its most recent performance evaluation of the Chief Executive Officer and senior management in September 2010.

2 Board Composition

The Company's Board currently comprises three independent non-executive directors and one executive director. 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 biomarker discovery, 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), Marilyn Sleigh (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 Group 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 Group'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 education

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 March 2010.

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.

Corporate Governance Statement continued

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 include a range of ethnic backgrounds, nationalities and age groups. The Company's board has a majority of female directors, including the CEO. Three out of four of the senior management team are women, and the company employs 12 women out of a total of 17 employees.

3.1 Securities trading policy

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It does not condone short-term or speculative trading in its securities by directors and employees. 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 6 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:

- comprises only non-executive directors
- has a majority of independent directors;
- has an independent chairman who is not the chairman of the Board; and
- comprises 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. The Company also distributes a newsletter to shareholders, media, partners and staff.

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.

The Chief Executive Officer and Chief Financial Officer provide written statements to the Board for each reporting period confirming that the Company's system of risk management and internal compliance and control complies with the ASX Principles and Recommendations.

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 consolidated financial statements of the consolidated entity consisting of Tyrian Diagnostics Limited and its subsidiaries. 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:

Tyrian Diagnostics Limited
1/35-41 Waterloo Road
North Ryde NSW 2113, Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 7-9 of the directors' report, both of which are not part of these financial statements.

The financial statements were authorized for issue by the directors on 31 August 2011. 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.

Tyrian Diagnostics Limited and its controlled entities
Statement of comprehensive income
For the year ended 30 June 2011

		Consolidated	
		2011	2010
		\$	\$
Revenue from continuing operations	Notes 4	1,275,648	1,975,341
Other income	5	29,351	72,467
Cost of goods sold		(214,074)	(209,051)
Employment costs		(3,239,267)	(3,312,764)
Occupancy costs		(317,017)	(702,152)
Corporate & administration costs		(1,013,956)	(1,070,358)
External research supplies and services		(352,574)	(353,486)
Intellectual property costs		(250,679)	(150,236)
Depreciation and amortisation expense	6	(151,279)	(198,923)
Write back/(increase) impairment of assets	6	-	(191,712)
Write back impairment of inventory	10	-	22,615
Foreign exchange losses		(100,865)	-
Other expenses		(392)	(12,344)
Loss before income tax		(4,335,104)	(4,130,603)
Income tax expense	7	(30,184)	-
Loss from continuing operations		(4,365,288)	(4,130,603)
Loss from discontinued operations	34	(18,580)	(25,308)
Loss attributable to members of Tyrian Diagnostics and Controlled Entities		(4,383,868)	(4,155,911)
Other comprehensive income			
Exchange differences on translation of foreign operations		5,085	1,410
Total comprehensive loss for the year		(4,378,783)	(4,154,501)
		cents	cents
Loss per share from continuing operations attributable to the ordinary equity of holders of the company			
Basic loss per share	22	(0.60)	(0.90)
Diluted loss per share	22	(0.60)	(0.90)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	22	(0.60)	(0.90)
Diluted loss per share	22	(0.60)	(0.90)

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

Balance Sheet

As at 30 June 2011

		Consolidated	
		2011	2010
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	8	3,158,142	3,261,345
Trade and other receivables	9	449,724	574,093
Inventories	10	19,170	86,873
Other assets	12	112,999	78,725
Total Current Assets		3,740,035	4,001,036
Non-Current Assets			
Other financial assets	13	156,005	156,005
Property, plant and equipment	14	204,792	325,803
Intangible assets	15	1,933	6,921
Total Non-Current Assets		362,730	488,729
TOTAL ASSETS		4,102,765	4,489,765
LIABILITIES			
Current liabilities			
Trade and other payables	16	628,320	457,701
Provisions	17	133,336	90,949
Deferred Income	18	333,735	374,451
Total Current Liabilities		1,095,391	923,101
Non-Current Liabilities			
Provisions	19	245,155	230,391
Total Non-Current Liabilities		245,155	230,391
TOTAL LIABILITIES		1,340,546	1,153,492
NET ASSETS		2,762,219	3,336,273
EQUITY			
Contributed equity	20	123,603,163	119,958,301
Reserves	21	3,801,510	3,636,558
Accumulated losses	21	(124,642,454)	(120,258,586)
Parent entity interest		2,762,219	3,336,273

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

Tyrian Diagnostics Limited and its controlled entities
Statement of changes in equity
For the year ended 30 June 2011

Consolidated	Attributable to owners of Tyrian Diagnostics Ltd			
	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2009	115,464,260	3,572,738	(116,102,675)	2,934,323
Loss for the year as reported in the 2010 financial statements	-	-	(4,155,911)	(4,155,911)
Other comprehensive income	-	1,410	-	1,410
Total comprehensive income	-	1,410	(4,155,911)	(4,154,501)
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	4,494,041	-	-	4,494,041
Employee performance rights	-	62,410	-	62,410
Employee share options	-	-	-	-
Balance at 30 June 2010	119,958,301	3,636,558	(120,258,586)	3,336,273
Loss for the year as reported in the 2011 financial statements	-	-	(4,383,868)	(4,383,868)
Other comprehensive income	-	5,085	-	5,085
Total comprehensive income	-	5,085	(4,383,868)	(4,378,783)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,644,862	-	-	3,644,862
Employee performance rights	-	159,867	-	159,867
Balance at 30 June 2011	123,603,163	3,801,510	(124,642,454)	2,762,219

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

Cash Flow Statement

For the year ended 30 June 2011

		Consolidated	
		2011	2010
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,016,864	1,296,819
Payments to suppliers and employees (inclusive of goods and services tax)		(4,822,473)	(5,998,155)
		(3,805,609)	(4,701,336)
Interest received		155,583	189,203
Net income tax refund		118,809	-
Net cash outflow from operating activities	33	(3,531,217)	(4,512,133)
Cash flows from investing activities			
Payments for property, plant and equipment		(23,480)	(241,001)
Payments for computer software capitalised		(1,294)	-
Proceeds from sale of property, plant and equipment		354	58,237
Proceeds from disposal of equity investments		-	28,822
Net cash (outflow)/ inflow from investing activities		(24,420)	(153,942)
Cash flows from financing activities			
Proceeds from issues of shares		3,972,131	4,976,580
Share issue transaction costs		(456,788)	(482,539)
Net cash inflow from financing activities		3,515,343	4,494,041
Net (decrease) in cash and cash equivalents		(40,294)	(172,034)
Cash and cash equivalents at the beginning of the financial year		3,261,345	3,437,926
Effects of exchange rate changes on cash and cash equivalents		(62,909)	(4,547)
Cash and cash equivalents at the end of the financial year	8	3,158,142	3,261,345

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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Tyrian Diagnostics Limited and its subsidiaries.

(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 consolidated financial statements of Tyrian Diagnostics Limited group 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.

Comparatives

Comparative information in these financial statements has been restated to reflect the impact of discontinued operations and other changes in presentation in the current year.

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 Group'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 2011 the consolidated entity incurred an operating loss before tax of \$4,383,868 (2010 \$4,155,911) and net cash outflows from operating activities of \$3,531,217 (2010 \$4,512,133).

At 30 June 2011, the group had \$3,314,147 in cash, including a security deposit of \$156,005. As at 31 July 2011, the comparable cash balance was \$3,160,545.

Restructure of the business subsequent to the period end

On 24 August 2011 the Group announced its intention to further revise its key business activities, cease further development work for all of its programs and to implement a cost reduction programme pursuant to its re-structuring plan.

The key activities of the business will now focus exclusively on continuing discussions with third parties on the licensing or sale of its existing assets and identifying other potential business opportunities for the continuing entity. It is intending to cease development work on all existing programs and make all staff redundant by the end of November 2011. Several key executives, including the CEO, will be available for any on-going activities on an as needs basis until the end February 2012. In parallel Tyrian will engage corporate advisors to assist with the identification, evaluation and execution of any corporate transaction to maximise the value of the business for shareholders.

The Group expects the costs associated with re-structuring activities to be as follows:

- a) Estimated costs of redundancies for all 17 staff has been calculated at approximately \$1,500,000
- b) Estimated costs for 'making-good' the existing Sydney premises has been calculated at approximately \$140,000
- c) Estimated costs for external advice and legals related to executing on the re-structure plan have been estimated at \$60,000.

Impact on balance sheet at 30 June 2011

The 30 June 2011 balance sheet includes the following items which will be impacted by the restructure in August 2011:

- Property and equipment will be written down to its recoverable amount. Initial estimates of re-sale values of existing fixed assets indicate a write-down of approximately \$180,000 is reasonable.
- Non current provisions of approx \$245,155 will be re-classified to current provisions
- Employee bonuses of approximately \$212,000 included in trade and other payables and representing accrued bonus entitlements for the current performance period will not be payable and will be written back accordingly.

Going concern assumption

The ability of the Consolidated Entity and Company to continue as a going concern and to meet their debts and commitments as and when they fall due is dependent upon successful completion of some or all of the following activities currently being undertaken by management:

- (i) the completion of the restructure and downsizing detailed above including successfully negotiating out of any material contracts
- (ii) continuing close and effective monitoring of the consolidated entity's cash flows, including implementation of cost saving initiatives under the re-structure.
- (iii) securing a sale or licensing of assets, including intellectual property in its clinical and/or non-clinical business lines;

Given the activities and options being pursued by management, the directors believe that the Consolidated Entity and Company will continue as a going concern on the basis that the Company will secure some additional in-flows and achieve significant reductions in outflows from some or all of the measures mentioned above, 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.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tyrian Diagnostics Limited ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Tyrian Diagnostics Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the individual financial statements of Tyrian Diagnostics Limited, investments in subsidiaries are accounted for at cost less impairment charges.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Tyrian Diagnostics Limited's functional and presentation currency.

(ii) 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.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are reclassified to profit or loss as part of the gain or loss on sale where applicable.

(e) 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 Group 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 Group'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 Group 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

Service 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 service 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.

Lease income

Lease income from property sub-leases is recognised as income on a straight-line basis over the lease term.

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.

Barter Income

When dissimilar goods are sold or services are rendered in exchange for non-cash consideration, revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

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 to the customer.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group 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.

(g) 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.

Tax consolidation legislation

Tyrian Diagnostics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Tyrian Diagnostics Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

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In addition to its own current and deferred tax amounts, Tyrian Diagnostics Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leases

Leases of property, plant and equipment where the Group 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.

(i) 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 group. 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 group 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.

(j) 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).

(k) 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.

(l) 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 Group 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.

(m) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory using standard costing techniques. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

Classification

The Group 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 Group 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 of 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 Group 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.

(o) 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 Group 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 Group for similar financial instruments.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant 3-8 years
- Furniture, fittings and equipment 3-8 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 (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in profit or loss.

(q) 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.

Computer software

Computer software is stated at historical cost less accumulated amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Amortisation is calculated using the straight line method to allocate the cost of software over its estimated useful life, which is generally two and half years.

(r) Trade and other payables

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

(s) 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) Provisions

Provisions for legal claims, service warranties and make-good obligations are recognised at their present value when: the Group 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.

(u) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid including appropriate on-costs when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

Contributions to employee superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The consolidated entity does not operate a defined benefit superannuation scheme.

Share-based payments

Share-based compensation benefits are provided to employees via the Tyrian Diagnostics Employee Share Option Plan ("ESOP") and the 2004 Performance Rights Share Plan ("Plan").

Notes to the Financial Statements continued

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The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date of options is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The fair value of performance rights granted under the Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period.

The fair value at grant date of performance rights is determined using either a Black-Scholes pricing model or a Monte Carlo pricing model (predominantly for rights with a component of market based vesting criteria). Both models take into account the exercise price, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

The fair value of the rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(v) 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.

(w) 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.

(x) 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.

(y) Consumables

Consumables used in the normal operation of the business are expensed as incurred.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group has assessed the impact of the new standards and interpretations and has concluded that they are not applicable.

(aa) Parent entity financial information

The financial information for the parent entity, Tyrian Diagnostics Limited, disclosed in note 35 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of Tyrian Diagnostics Limited.

(ii) Tax consolidation legislation

Tyrian Diagnostics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Refer to note 1(g) for further details.

2. Critical accounting estimates and judgements

The Group 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 Group'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 chief executive officer that are used to make strategic decisions.

The chief executive officer considers the business to consist of one operating segment, being the development, manufacture and sale of diagnostic tests and associated reagents. All such activities from continuing operations are carried out from the one geographic location, being Sydney Australia.

(b) Segment information provided to the chief executive officer

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

	2011	2010
	\$	\$
Revenue from External Customers	896,009	1,551,760
Cost of goods sold	(214,074)	(209,051)
Interest revenue	166,622	178,281
Recycle of Foreign Currency Translation Reserve	-	-
Sundry income	213,017	255,801
Gain on sale of investments	-	28,822
Other income	29,351	54,181
Total Net income	1,090,925	1,859,794
Depreciation and Amortisation	(151,279)	(198,923)
Finance costs	-	-
Share based payment expense	(289,388)	(62,410)
Foreign Exchange Gains/ (Losses)	(100,865)	17,270

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	Consolidated	
	2011	2010
All other expenses	(4,903,077)	(5,771,642)
Income tax expense	(30,184)	-
Net loss after tax	(4,383,868)	(4,155,911)
Total gross segment assets	4,102,765	4,489,765
Total Assets includes:		
Additions to non-current assets (there are no financial assets and deferred tax)	24,645	249,362
Total segment liabilities	1,258,882	1,153,492

(c) Other Segment Information

(i) *Segment Revenue*

Revenues from external customers are derived from the sale of diagnostic tests and reagents, the provision of development services, the licensing of intellectual property owned by the Group, and for the previous financial year only, subleasing of premises.

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

	Consolidated	
	2011	2010
	\$	\$
Segment revenue from external customers	896,009	1,551,760
Add: Interest revenue	166,622	178,281
Sundry income	213,017	255,801
Less: Revenue from discontinued operations	0	(10,501)
Total revenue from continuing operations (note 4)	1,275,648	1,975,341

The entity is domiciled in Australia. Segment revenue for 2011 from external customers in Australia is \$nil (2010: \$123,731) and from external customers in other countries is \$896,009 (2010: \$1,428,029), including \$890,403 (2010: \$1,133,535) from Germany, and \$5,606 (2010: \$253,995) from USA.

The following revenues were derived from single external customers:

	Consolidated	
	2011	2010
	\$	\$
Customer 1	890,403	1,136,292
Customer 2	-	247,758
Customer 3	-	118,926
Customer 4	-	39,894

(ii) *Operating Loss*

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

	Consolidated	
	2011	2010
	\$	\$
Segment operating loss after tax	(4,383,868)	(4,155,911)
Add back: Loss from discontinued operations	18,580	25,308
Loss after tax from continuing operations	(4,365,288)	(4,130,603)

(iii) *Segment assets*

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

The total of non-current assets (there are no financial instruments, deferred tax assets, employment benefit assets and rights arising under insurance contracts) located in Australia is \$362,730 (2010: \$488,729), and the total of these non-current assets located in other countries is \$9,295 (2010: nil).

Tyrian Diagnostics Limited and its controlled entities
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30 June 2011

(iv) *Segment liabilities*

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

4. Revenue

	Consolidated	
	2011	2010
	\$	\$
From continuing operations		
Sales & business revenue		
Sale of goods	65,341	452,443
Collaboration income	374,692	514,231
Royalty income	17,380	45,749
License income	343,972	374,149
Other services income	94,624	35,871
	896,009	1,422,443
Other revenue		
Sub-lease rentals	-	118,816
Interest	166,622	178,281
Sundry income	213,017	255,801
	379,639	552,898
Total revenue from continuing operations	1,275,648	1,975,341

5. Other income

	Consolidated	
	2011	2010
	\$	\$
Government grants	29,351	21,181
Net Foreign Exchange Gains	-	17,270
Net profit on disposal of property, plant and equipment	-	5,194
Net gain on sale of other financial assets (refer note 13)	-	28,822
Total other income	29,351	72,467

(a) Government grants

Export market development grants of \$29,351 (2010: \$21,181) were recognised as other income by the Group during the financial year. There are no unfulfilled conditions or other contingencies attaching to grant income recognised to date. The Group did not benefit directly from any other forms of government assistance.

6. Expenses

	Consolidated	
	2011	2010
	\$	\$
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	74,201	124,115
Amortisation		
Leasehold improvements	70,796	64,837
Computer software	6,282	9,971
Total amortisation	77,078	74,808
Total depreciation and amortisation	151,279	198,923
Impairment of assets		
Plant and equipment	-	191,712
Leasehold improvements	-	-
Total Impairment	-	191,712

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Notes to the Financial Statements continued
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6. Expenses (continued)

	Consolidated	
	2011	2010
	\$	\$
Rental Expense relating to operating leases	254,016	634,896
Defined contribution superannuation expenses (refer note 31)	318,674	308,158
Share-based payments (refer note 32)	289,388	62,410

7. Income tax expense

	Consolidated	
	2011	2010
	\$	\$
(a) Income tax expense		
Current tax	30,184	-
Income tax expense is attributable to:		
Loss from continuing operations	30,184	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,365,288)	(4,130,603)
Tax at the Australian tax rate of 30% (2010 - 30%)	(1,309,586)	(1,239,181)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible entertainment	1,713	2,874
Write down/(write back) of loans	-	-
R&D uplift	(41,439)	(23,394)
Share-based payments	86,816	18,723
Recycle of foreign currency translation reserve	-	-
Sundry items	-	-
	(1,262,496)	(1,240,978)
Tax refund for R&D Tax Offset election	207,195	116,970
Tax losses and temporary differences not recognised as deferred tax assets	1,055,301	1,124,008
Non-recoverable withholding tax written off	30,184	-
Income tax expense	30,184	-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised:

Potential tax benefit @ 30%	31,313,463	30,258,162
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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.

(d) Tax consolidation legislation

Tyrian Diagnostics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(g).

The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Tyrian Diagnostics Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Tyrian Diagnostics Limited for any current tax payable assumed and are compensated by Tyrian Diagnostics Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Tyrian Diagnostics Limited under the tax consolidation legislation.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. No funding amounts have been recognised to date.

8. Current assets – cash and cash equivalents

	Consolidated	
	2011	2010
	\$	\$
Cash at bank and on hand	2,285,879	2,996,167
Deposits at call	872,263	265,178
	3,158,142	3,261,345

(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 23).

(c) Deposits at call

The deposits are bearing a floating interest rate of 4.75% (2010: 3.44%). These deposits have a weighted average maturity of 0 days (2010: 0 days).

9. Current assets – trade and other receivables

	Consolidated	
	2011	2010
	\$	\$
Trade receivables	258,087	457,123
Provision for impairment (b)	-	-
	258,087	457,123
Other receivables	191,637	118,246
Provision for impairment (b)	-	(1,276)
	449,724	574,093

(a) Bad and doubtful trade receivables

During the year ended 30 June 2011 the Group recognised \$nil net loss (2010: \$nil) in respect of bad and doubtful trade receivables from continuing operations. The Group recognised no additional loss in the year ended 30 June 2011 (2010: \$nil) in respect of bad and doubtful trade receivables from discontinued operations.

Tyrian Diagnostics Limited and its controlled entities
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(b) Impaired trade and other receivables

As at 30 June 2011 nil current trade receivables of the Group were impaired (2010: \$nil). The amount of the provision against impaired Group receivables was nil (2010: \$1,276).

The ageing of these receivables is as follows:

	Consolidated	
	2011	2010
	\$	\$
Impaired Trade Receivables		
Past due 1-3 months	-	-
Past due > 3 months	-	-
	-	-

Movements in the provision for impairment of trade and other receivables during the financial year are set out below:

	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	-	1,717
Additional provisions recognised	-	-
Receivables written off as uncollectible	-	(1,717)
Foreign exchange movements	-	-
Carrying amount of end of year	-	-

(c) Past due but not impaired

As of 30 June 2011, trade receivables of \$2,856 (2010: \$279,206) were past due but not impaired. The receivables in the current year relate to monies receivable in respect of collaboration fees. Negative amounts refer to overpayments received from customers. The aging of these trade receivables is as follows:

	Consolidated	
	2011	2010
	\$	\$
Trade Receivables		
Past due 1-3 months	-	280,137
Past due > 3 months	2,856	(931)
	2,856	279,206

(d) Foreign exchange and interest rate risk

The Group's exposure to foreign exchange and interest rate risk and the effective weighted average interest rate by maturity periods is set out in note 23.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 23 for more information on the risk management policy of the group and the credit quality of the entities trade receivables.

10. Current assets – inventories

	Consolidated	
	2011	2010
	\$	\$
Raw materials - net book value	19,170	47,525
Work in progress – net book value	-	39,348
	19,170	86,873

(a) Adjustment to inventory impairment

The net write-up of inventories to net realisable value recognised in the income statement during the year ended 30 June 2011 amounted to \$nil (2010: write-up of \$22,615). No impairment was deemed necessary as at 30 June 2011 against inventory relating to the Group's current diagnostic products.

11. Current assets – other financial assets

Security Deposits

	Consolidated	
	2011	2010
	\$	\$
Opening balance	-	260,664
Transfer (to) from non current assets (refer note 13)	-	(156,005)
Released to cash or cash equivalents	-	(104,659)
Closing balance	-	-

	Consolidated	
	2011	2010
	\$	\$
Current	-	-
Non-current	156,005	156,005
Total security deposits	156,005	156,005

	Consolidated	
	2011	2010
	\$	\$
Represented by:		
Bank deposit	156,005	156,005
Deposits with landlord	-	-
	156,005	156,005

12. Current assets – other

	Consolidated	
	2011	2010
	\$	\$
Prepayments	83,978	60,105
Interest receivable	17,522	6,482
Royalties receivable	-	-
GST Receivable	11,499	12,138
	112,999	78,725

13. Non-current assets – other financial assets

	Consolidated	
	2011	2010
	\$	\$
Security Deposits	156,005	156,005
	156,005	156,005

(a) Available-for-sale financial assets

During the previous financial year, the Group received an additional deferred consideration of \$28,822 in respect of a prior year sale of shares it held in an unlisted Australian Company, which was recognised as a gain on sale of investment.

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(b) Security deposits

The Group is required to hold a minimum level of cash and cash equivalents as a security deposit on a non-cancellable lease on operating premises in Sydney, Australia. In 2010 the group took out a new lease for three years and as such re-classified the security deposit from current to non-current in that financial year.

	Consolidated	
	2011	2010
	\$	\$
At beginning of year	156,005	-
Deposit applied against rent expense	-	156,005
Exchange differences	-	-
Transfer to current assets	-	-
At end of year	156,005	156,005

14. Non-current assets – property, plant and equipment

	Consolidated	
	2011	2010
	\$	\$
Leasehold Improvements		
At cost	223,137	556,425
Less: Accumulated amortisation	(114,119)	(388,131)
Less: Impairment write-down	(2,277)	(2,277)
	106,741	166,017
Plant and equipment		
At cost	3,634,075	4,126,782
Less: Accumulated depreciation	(3,533,755)	(3,964,726)
Less: Impairment write-down	(2,269)	(2,270)
	98,051	159,786

Total property, plant and equipment	204,792	325,803
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	Leasehold Improvements	Plant & equipment	Total
	\$	\$	\$
Consolidated			
2011			
Carrying amount at 1/7/10	166,017	159,786	325,803
Additions	11,520	13,125	24,645
Disposals	-	(659)	(659)
Depreciation/amortisation expense (Note 6)	(70,796)	(74,201)	(144,997)
Impairment (Note 6)	-	-	-
Carrying amount at 30/06/11	106,741	98,051	204,792
2010			
Carrying amount at 1/7/09	42,298	467,130	509,428
Additions	199,617	49,745	249,362
Disposals	(11,061)	(41,262)	(52,323)
Depreciation/amortisation expense (Note 6)	(64,837)	(124,115)	(188,952)
Impairment (Note 6)	-	(191,712)	(191,712)
Carrying amount at 30/06/10	166,017	159,786	325,803

15. Non-current assets – intangible assets

	Consolidated	
	2011	2010
	\$	\$
Computer software		
At cost	371,088	369,795
Less: Accumulated amortisation	(369,155)	(362,874)
	1,933	6,921
Total intangible assets	1,933	6,921

Consolidated	Computer Software	Total
	\$	\$
2011		
Carrying amount at 1/07/10	6,921	6,921
Additions	1,294	1,294
Disposals	-	-
Foreign exchange differences	-	-
Amortisation expense (Note 6)	(6,282)	(6,282)
Carrying amount at 30/06/11	1,933	1,933

Consolidated	Computer Software	Total
	\$	\$
2010		
Carrying amount at 1/07/09	16,892	16,892
Additions	-	-
Disposals	-	-
Foreign exchange differences	-	-
Amortisation expense (Note 6)	(9,971)	(9,971)
Carrying amount at 30/06/10	6,921	6,921

16. Current liabilities – trade and other payables

	Consolidated	
	2011	2010
	\$	\$
Trade creditors	204,388	201,863
Other payables	423,932	255,838
	628,320	457,701

17. Current liabilities – provisions

	Consolidated	
	2011	2010
	\$	\$
Employee Benefits – long service leave	90,008	59,595
Provision for rental incentive	43,328	31,354
	133,336	90,949

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(a) Movements in provisions

Employee Benefits

	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	59,595	50,631
Reclassification of benefits from non-current (refer note 19)	30,413	8,964
Carrying amount of end of year	90,008	59,595

Provision for make good

	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	-	265,182
Reclassification (to) from non-current (refer note 19)	-	(140,000)
Write-back of provision	-	(125,182)
Carrying amount of end of year	-	-

Provision for rental incentive:

	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	31,354	93,665
movement in provision during the year	11,974	(62,311)
Carrying amount of end of year	43,328	31,354

18. Current liabilities – deferred income

Deferred income represents that portion of license fees, option fees, collaboration income and sales revenue that has been invoiced to customers or collaboration partners but for which more goods or services must be provided or for which more time must elapse prior to the Group being able to recognize it as income.

	Consolidated	
	2011	2010
	\$	\$
Deferred income	333,735	374,451

19. Non – current liabilities – provisions

	Consolidated	
	2011	2010
	\$	\$
Employee benefits – long service leave	105,155	90,391
Provision for make-good	140,000	140,000
	245,155	230,391

(a) Employee benefits – long service leave

Provision for long service leave applicable to a number of employees who have completed 10 years of continuous service is reclassified as a current liability in accordance with AASB 119.

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	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	90,391	67,184
Net change during period	45,177	32,171
Carrying amount at end of year	135,568	99,355
Transferred to current liabilities	(30,413)	(8,964)
	105,155	90,391

(b) Provision for make-good

The Group met an obligation under an existing lease to perform make good activities on its Sydney premises at the end of the previous lease, which expired in December 2009. The costs of the make good activities were less than the provision. In 2010 the Group wrote back the difference between the remaining make-good provision under the lease and the make good provision required under a new three-year lease which commenced 1 January 2010.

Movements in provision for make-good during the financial year are set out below:

	Consolidated	
	2011	2010
	\$	\$
Carrying amount at start of year	140,000	-
Transferred from current liabilities	-	140,000
Transferred to current liabilities	-	-
Additional provisions recognised during year	-	-
Carrying amount at end of year	140,000	140,000

20. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	2011	2010	2011	2010
	Number of shares		\$	\$
Ordinary shares	1,017,319,518	498,516,341	123,603,163	119,958,301

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	Issue price	\$
01.07.09	Opening Balance		248,829,011		115,464,260
04.09.09	Share issue – renounceable rights	(ii)	248,829,011	0.020	4,976,580
Various	Capital raising costs, net of tax		n/a	n/a	(482,539)
22.12.09	Share issue - PRSP	(i)	858,319	-	-
	Balance as at 30 June 2010		498,516,341		119,958,301
24.12.10	Share issue – non-renounceable rights	(iii)	496,516,341	0.008	3,972,131
Various	Capital raising costs, net of tax		n/a	n/a	(456,788)
31.01.11	Share issue – to CEO in lieu of cash bonus	(iv)	6,021,898	0.008	48,175
31.01.11	Share issue –to executives and director in lieu of cash bonuses and directors fees respectively	(v)	11,620,848	0.007	81,346
31.01.11	Share issue – PRSP	(i)	4,644,090	-	-
	Balance as at 30 June 2011		1,017,319,518		123,603,163

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30 June 2011

(c) Notes to movements in ordinary share capital

- (i) The Company issued shares to employees in satisfaction of performance rights that vested during the period. The performance rights were issued under the Performance Rights Share Plan.
- (ii) The Company issued 248,829,011 ordinary shares at \$0.02 each through a 1:1 renounceable rights issue open to eligible shareholders. The Company issued one attaching option for every four new shares subscribed for at the time of this issue of new shares, being a total of 62,207,286 options. These attaching options have an exercise price of \$0.03 per share and will expire on 31 December 2010.
- (iii) The Company issued 496,516,341 ordinary shares at \$0.008 each through a 1:1 non-renounceable rights issue open to eligible shareholders. The Company issued one attaching option for every five new shares and one commitment option for every 5 new shares subscribed for at the time of this issue of new shares, being a total of 199,006,544 options. These attaching options have an exercise price of \$0.012 per share and will expire on 20 December 2013.
- (iv) The company issued 6,021,898 shares to the CEO in lieu of a cash bonus as a direct measure to preserve the company's cash reserves.
- (v) The Company issued 11,620,848 shares to the chairman and other key management personnel in lieu of directors fees and cash bonuses respectively, as a direct measure to preserve the company's cash reserves.

(d) Share options

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

(i) Unlisted options.

		Number of options	Options exercisable at year end
Date	Details		
01.07.09	Opening Balance	-	-
04.09.09	Attaching options with 1:1 renounceable rights issue	62,207,286	31 December 2010
30.06.10	Balance as at 30 June 2010	62,207,286	-
31.12.10	Options Expired	(62,207,286)	
	Balance as at 30 June 2011	-	

(ii) Listed options.

		Number of options	Options exercisable at year end
Date	Details		
01.07.09	Opening Balance	-	-
30.06.10	Balance as at 30 June 2010	-	-
24.12.10	Attaching options with 1:5 non-renounceable rights issue	199,006,544	20 December 2013
	Balance as at 30 June 2011	199,006,544	

(e) Performance rights

Tyrian Diagnostics Limited has issued performance rights over ordinary shares. These performance rights are not listed on the Australian Stock Exchange. A summary of the performance rights on issue are as follows.

	Number of performance rights	Performance Rights vested at year end
Opening balance 1 July 2009	2,954,800	
Rights granted during 2010 FY	-	
Rights converted to shares during 2010 FY	(858,319)	
Rights forfeited during 2010 FY	(725,845)	
Balance as at 1 July 2010	1,370,636	
Rights granted during 2011 FY	39,820,064	
Rights converted to shares during 2011 FY	(4,644,090)	
Rights forfeited during 2011 FY	(3,971,774)	
Balance as at 30 June 2011	32,574,836	

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Notes to the Financial Statements continued
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21. Reserves and accumulated losses

	Consolidated	
	2011	2010
	\$	\$
(a) Reserves		
(i) Foreign currency translation reserve		
Opening balance 1 July	(176,097)	(177,507)
Recycle on deregistration of foreign subsidiary	-	-
Net exchange differences on translation of foreign controlled entity	5,085	1,410
Closing balance 30 June	(171,012)	(176,097)
(ii) Option reserve		
Opening balance 1 July	98,919	98,919
Options expensed/ (reversed)	-	-
Closing balance 30 June	98,919	98,919
(iii) Performance rights reserve		
	Consolidated	
	2011	2010
	\$	\$
Opening balance 1 July	3,713,736	3,651,326
Performance rights expensed	289,388	62,410
Transfer to issued capital on issue of shares under PRSP	(129,520)	-
Closing balance 30 June	3,873,604	3,713,736
Total Reserves at balance date	3,801,510	3,636,558

Nature and purpose of reserve

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as described in Note 1(d).

(ii) Option reserve

The fair value of share based payments made to employees by the issue of options is recognised over the period the employees become entitled to those options, as described in Note 1(u).

(iii) Performance rights reserve

The fair value of share based payments made to employees by the issue of performance rights is recognised over the period the employees become entitled to shares, as described in Note 1(u).

	Consolidated	
	2011	2010
	\$	\$
(b) Accumulated losses		
Accumulated losses at the beginning of the financial year	(120,258,586)	(116,102,675)
Net loss attributable to members of Tyrian Diagnostics Limited	(4,383,868)	(4,155,911)
Accumulated losses at the end of the financial year	(124,642,454)	(120,258,586)

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22. Loss per share

	Consolidated	
	2011	2010
	\$	\$
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	0.006	0.009
Loss from discontinued operations	0.000	0.000
Total loss per share attributable to the ordinary equity holders of the company	0.006	0.009
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	0.006	0.009
Loss from discontinued operations	0.000	0.000
Total loss per share attributable to the ordinary equity holders of the company	0.006	0.009
(c) Reconciliations of loss used in calculating loss per share		
<i>Basic loss per share</i>		
Loss from continuing operations	(4,365,288)	(4,130,603)
Loss from discontinued earnings	(18,580)	(25,308)
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share	(4,383,868)	(4,155,911)
<i>Diluted loss per share</i>		
Loss from continuing operations	(4,365,288)	(4,130,603)
Loss from discontinued operations	(18,580)	(25,308)
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	(4,383,868)	(4,155,911)
(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	769,594,006	469,472,439
(e) Information concerning the classification of securities		

Options and performance rights

Options and performance rights are not considered to be potential ordinary shares, because their inclusion would have an anti-dilutive effect on the loss per share calculation. Options and rights have therefore been excluded from the determination of diluted loss per share. Details relating to options and performance rights excluded from these calculations are set out in note 20.

23. Financial risk management

The Group'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 Group 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 majority of income from collaboration agreements, sales of diagnostic tests, royalties and licence fees is denominated in US dollars, as are a number of expenses incurred in developing diagnostic tests. US dollars were also required to support the activities and subsequent closure of the wholly owned subsidiary

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Proteome Systems Inc.

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the reporting date is listed in the following tables. Amounts reported are the Australian dollar value of the foreign currency asset/liability.

	2011	2010
	USD	USD
	\$	\$
Trade receivables	256,023	453,785
Cash at Bank	169,562	287,343
Trade Payables	(174)	(17,304)

At 30 June 2011 there were no derivative instruments outstanding (2010: nil).

Sensitivity

The Australian dollar strengthened against the US dollar by approximately 28% during the 2011 financial year (2010: strengthened 5%), with the highest and lowest exchange rates during 2011 being 1.0939 and 0.8366 respectively. The Group therefore believes +/-20% exchange rate movement to be a reasonable basis for performing exchange rate sensitivity analysis on US dollar cash flows for the 2011 financial year (2010: +/-10%). The Group's exposure to other foreign exchange movements is not material, and a sensitivity analysis has therefore not been performed with respect to other currencies.

Based on the financial instruments held at 30 June 2011, the following table summarises the effect on the Group's post-tax loss had the Australian dollar weakened/strengthened by 20% (2010: 10%) against the US dollar with all other variables held constant:

	Consolidated	
	2011	2010
	\$	\$
Weakened 20% / 10%	120,441	93,256
Strengthened 20% / 10%	(80,299)	(76,300)

The Group's post-tax loss and equity were less sensitive to movements in the Australian/US dollar exchange rates in 2011 than in 2010 because the value of assets denominated in US dollars as at 30 June 2011 was less than as at 30 June 2010.

(ii) Price risk

The Group and parent entity were not subject to any material price risk in the 2010 or 2011 financial years, including equities securities price risk and commodities price risk.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash on hand, 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 2011 and 2010, the majority of the Group's cash on hand at variable rate was denominated in Australian dollars. As at the reporting date, the Group had the following variable rate cash on hand:

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate %	Balance \$AU	Weighted Average Interest Rate %	Balance \$AU
Cash at bank	4.89	3,158,142	3.70	3,261,345

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Sensitivity

The Group's main interest rate risk arises from cash on hand with variable interest rates. If interest rates had changed by +/- 100 basis points during 2011 with all other variables held constant, the 2011 post-tax loss would have been \$28,711 lower / \$28,711 higher for the Group (2010: \$41,727 lower/ \$41,727 higher) as a result of changes to interest income.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks, only independently rated parties with a minimum rating of 'A' are accepted. The finance team assesses the credit quality of customers taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal assessment, and compliance with credit limits is regularly monitored.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below. For customers of diagnostic test sales, the Group generally retains title over the goods sold until full payment is received. There is a concentration of credit risk with respect to receivables, as the Group has only a few material trade receivables. However, these have been assessed as being low risk by the Group. The Group does not hold collateral against any trade receivables.

	Consolidated	
	2011	2010
	\$	\$
Trade Receivables		
Within credit terms – fully performing	255,231	177,917
Past due 1-3 months	-	280,137
Past due > 3 months	2,856	(931)
	258,087	457,123

Refer to Note 9 for an analysis of the impairment of past due trade receivables.

(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 Group 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 Group 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 Group'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.

Group - 2011	Fixed Interest maturing in:		Non-interest bearing	Total
	1 year or less	Over 1 to 2 years	1 year or less	
	\$	\$	\$	\$
Trade & other payables (Note 16)	-	-	628,320	628,320
Guarantees held over lease	-	-	(156,005)	(156,005)
	-	-	472,315	472,315
Weighted average interest rate	n/a	n/a	n/a	

Group - 2010	Fixed Interest maturing in:		Non-interest bearing	Total
	1 year or less	Over 1 to 2 years	1 year or less	
	\$	\$	\$	\$
Trade & other payables (Note 16)	-	-	457,701	457,701
Guarantees held over lease	-	-	(156,005)	(156,005)
	-	-	301,696	301,696
Weighted average interest rate	n/a	n/a	n/a	

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(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 Consolidated 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.

At 30 June 2011	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Cash (Note 8)	21,137	-	264,742	285,879
Deposits at call (Note 8)	872,263	-	-	872,263
Security deposits (Note 11)	-	156,005	-	156,005
Term deposits (Note 8)	-	2,000,000	-	2,000,000
Trade receivables (Note 9)	-	-	258,087	258,087
Other receivables (Note 9)	-	-	191,637	191,637
	893,400	2,156,005	714,466	3,763,871
Weighted average interest rate	4.54%	5.62%	n/a	

At 30 June 2010	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Cash (Note 8)	897,276	-	98,892	996,168
Deposits at call (Note 8)	265,178	-	-	265,178
Security deposits (Note 11)	-	156,005	-	156,005
Term deposits (Note 8)	-	2,000,000	-	2,000,000
Trade receivables (Note 9)	-	-	457,123	457,123
Other receivables (Note 9)	-	-	116,970	116,970
	1,162,454	2,156,005	672,985	3,991,444
Weighted average interest rate	3.70%	4.03%	n/a	

The balance of interest bearing security deposits in 2011 and 2010 represented a bank term deposit held as security for the Group's Sydney operating premises. While the maturity date of the deposit is less than one year, the deposit was classified in the 2010 and 2011 accounts as non-current as the Group is required to continually roll over the deposit for the duration of the lease, which expires on 31 December 2012.

(e) Capital risk management

The Group'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 Group 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 Group 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.

24. Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated	
	2011	2010
	\$	\$
Short-term employee benefits	1,267,802	1,430,114
Post-employment benefits	115,403	130,304
Share-based payments	265,127	41,702
	1,648,332	1,602,120

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Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 12 to 17.

(b) Equity instrument disclosures relating to key management personnel

(i) Options and performance rights provided as remuneration and shares issued on exercise of such options and rights.

Details of performance rights provided as remuneration and shares issued on the exercise of such performance rights, together with terms and conditions of the performance rights, can be found in section D of the remuneration report.

(ii) Performance rights holdings

The number of performance rights held during the financial year by each director of Tyrian Diagnostics Limited and other key management personnel of the Group are set out below.

2011	Balance at the start of the year	Granted during the year as compensation	Converted to shares during the year	Expired during the year (vesting criteria not met)	Balance at the end of the year
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>					
Jenny Harry	586,666	13,529,197	(1,668,333)	(1,375,001)	11,072,529
<i>Other key management personnel of the Group</i>					
Lisa Jones	196,106	4,522,617	(557,696)	(459,642)	3,701,385
Robyn Lindner	261,600	5,363,360	(712,229)	(436,071)	4,476,660
Michelle Gow	-	5,271,112	(535,714)	(535,716)	4,199,682
Michael Vamos	-	3,068,822	-	-	3,068,822

All outstanding rights are subject to vesting conditions. Upon satisfaction of vesting conditions, shares will be issued to the holders of the rights for nil consideration.

2010	Balance at the start of the year	Granted during the year as compensation	Converted to shares during the year	Expired during the year (vesting criteria not met)	Balance at the end of the year
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>					
Jenny Harry	1,100,000	-	(293,333)	(220,001)	586,666
<i>Other key management personnel of the Group</i>					
Lisa Jones	367,700	-	(98,053)	(73,541)	196,106
Jaime Pinto	420,000	-	(98,000)	(322,000)	-
Robyn Lindner	436,000	-	(130,800)	(43,600)	261,600

All outstanding rights are subject to vesting conditions. Upon satisfaction of vesting conditions, shares will be issued to the holders of the rights for nil consideration.

(iv) Performance rights issued post 30 June, 2011

Between 1 July 2011 and the date of this report no performance rights were issued to key management personnel.

(v) Share holdings

The numbers of ordinary shares in the company held during the financial year by each director of Tyrian Diagnostics Limited and other key management personnel of the Group, including their personally related parties, are set out on the following table. Shares were issued to the CEO and other key management personnel in lieu of cash bonuses as a direct measure to preserve the company's cash reserves

Tyrian Diagnostics Limited and its controlled entities
Notes to the Financial Statements continued
30 June 2011

2011	Balance at the start of the year	Received during the year on the conversion of performance rights	Other changes during the year	Balance at the end of the year
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>				
Jenny Harry	3,372,921	1,668,333	6,021,898	11,063,152
Roger Amos	190,000	-	3,268,512	3,458,512
Marilyn Sleigh	300,000	-	300,000	600,000
<i>Other key management personnel of the Group</i>				
Lisa Jones	1,804,948	557,696	2,013,034	4,375,678
Robyn Lindner	615,283	712,229	2,546,403	3,873,915
Michelle Gow	-	535,714	2,346,194	2,881,908
Michael Vamos	-	-	1,636,705	1,636,705

2010	Balance at the start of the year	Received during the year on the conversion of performance rights	Other changes during the year	Balance at the end of the year
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>				
Jenny Harry	2,829,588	293,333	250,000	3,372,921
Roger Amos	95,000	-	95,000	190,000
Marilyn Sleigh	300,000	-	-	300,000
<i>Other key management personnel of the Group</i>				
Lisa Jones	1,706,895	98,053	-	1,804,948
Robyn Lindner	484,483	130,800	-	615,283
Jaime Pinto ¹	200,000	98,000	-	298,000

¹ "Balance at the end of the year" reflects Mr Pinto's shareholding at the date he resigned as CFO, being 14 January 2010.

(vi) Shares issued post 30 June 2011

Between 1 July 2011 and the date of this report, no shares were issued to key management personnel pursuant to the satisfaction of vesting conditions of performance rights.

(e) Other transactions with key management personnel

In the year ended 30 June 2011 and in the previous financial year, there were no transactions recorded with key management personnel.

25. Remuneration of auditors

Remuneration for audit or review of the financial reports of the Parent Entity or any entity in the Consolidated Entity:

	Consolidated	
	2011	2010
	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit or review of financial reports of the entity or any entity in the Consolidated Entity	151,276	160,609
Total remuneration	151,276	160,609

26. Contingent liabilities

Guarantees

The Consolidated Entity had contingent liabilities at 30 June 2011 and 30 June 2010 in the form of Guarantees given in respect of leases for operating premises.

The guarantees given in respect of leases for operating premises amounts to \$156,005 (2010: \$156,005), and is covered by a security deposit (note 11) held by the lessors. The Group expects to continue to meet

Tyrian Diagnostics Limited and its controlled entities
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30 June 2011

all payment obligations required by the lease agreement, and therefore does not expect to make any payment under the guarantee.

Further, at the expiration of the lease agreement, the Group expects the deposit held in respect of that lease to be released and made available to the Group.

27. Events occurring after the balance sheet date

The company has substantially re-structured its operations and refers users of the accounts to Note 1(a) to the financial statements for details.

28. Commitments for future expenditure

(a) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:

	Consolidated	
	2011	2010
	\$	\$
Within one year	245,838	245,838
Later than one year but not later than five years	122,919	368,757
Commitments not recognised in the financial statements	368,757	614,595

Minimum lease payments to be received from tenants under non-cancellable sub leases

- -

The Group leases premises in Sydney, Australia under a non-cancellable operating lease expiring 31 December 2012.

29. Related parties

(a) Key management personnel

Disclosures relating to Director-related entities are disclosed in note 24.

(b) Controlling entity

The ultimate Parent Entity in the wholly-owned group is Tyrian Diagnostics Limited, a company incorporated in New South Wales, Australia.

(c) Wholly owned group

The wholly owned group consists of Tyrian Diagnostics Limited and its wholly-owned controlled entities, as set out in note 30.

Transactions between Tyrian Diagnostics Limited and other entities in the wholly-owned group during the years ended 30 June 2010 and 2011 consisted of:

- Loans advanced by Tyrian Diagnostics Limited
- Loans repaid to Tyrian Diagnostics Limited
- The provision of contract research and development activities
- The provision of management services
- Outstanding liabilities paid by Tyrian Diagnostics Limited on behalf of subsidiaries

30. Investments in controlled entities

(a) Controlled entities

Name of entity	Country of incorporation	Class of shares	Equity Holding	
			2011 %	2010 %
Proteome Systems Intellectual Property Pty Ltd	Australia	Ordinary	100	100
Proteome Systems Inc	USA	Ordinary	100	100
Eukarion Inc	USA	Ordinary	100	100

31. Employee benefits

	Consolidated	
	2011 Number	2010 Number
Employee benefit and related on-costs liabilities		
Included in trade and other payables – current (Note 16)	130,387	153,329
Provision for employee benefits – current	90,008	59,595
Provision for employee benefits – non-current (Note 19)	105,155	90,391
Aggregate employee benefit and related on-costs liabilities	325,550	303,315

Superannuation Commitments

Australian employees are offered the opportunity to contribute towards a company superannuation fund established with ING Australia Ltd. However this is not compulsory and employees can select any fund of their choice.

Contributions

The Group contributes up to 10% of each Australian employee's base salary to superannuation funds. Details of contributions during the year are as follows:

	Consolidated	
	2011 \$	2010 \$
Employer Contributions to employee superannuation funds	318,674	308,158

32. Share-based payments

(a) Employee share option plan

The Employee Share Option Plan ("ESOP") was adopted in June 2001, pursuant to which Tyrian Diagnostics Limited may, at the discretion of the Board, grant options to purchase ordinary shares in Tyrian Diagnostics Limited to directors, employees, advisors and consultants of the consolidated entity.

The Options are issued for a term stated in the option agreement, not exceeding five years from the date of the grant and have an exercise price as determined by the Board. The Options are not quoted on the ASX.

At 30 June 2011 there were no current or former staff members holding options granted under the ESOP.

(i) Options held at beginning of reporting period

There were no options issued under the ESOP held by employees as at 1 July 2010.

(ii) Options granted during the reporting period

No options were granted to employees during the period.

(b) Performance Rights Share Plan

The 2004 Performance Rights Share Plan ("Plan") was established, pursuant to shareholder approval obtained at the Company's AGM in 2004. For further details, refer to the Remuneration Report in the Directors' Report.

The Performance Rights are not quoted on the ASX. During the financial year one Director and 9 staff members held performance rights, or were allocated shares pursuant to vested performance rights, issued under the Performance Share Plan. Performance rights granted under the Plan are subject to service vesting conditions and/or performance conditions as determined by the Board. Performance rights affecting remuneration in the current or future reporting periods were/are subject to service vesting conditions, and/or performance conditions including share price movement and other task-specific performance conditions. The applicable service vesting and performance conditions are set out in each letter of offer of performance rights. Shares are allocated pursuant to performance rights on satisfaction of the applicable conditions. Once allocated, shares are subject to restrictions on disposal as set out in the Plan Rules and as determined by the Board.

Performance rights do not confer any dividend or voting rights until shares are allocated pursuant to those performance rights upon satisfaction of any applicable conditions. No consideration was paid to the entity from employees on granting of the performance rights.

Details of performance rights affecting remuneration in the current or future periods are as follows:

	2011		2010	
	Number of performance rights	Weighted average exercise price \$	Number of performance rights	Weighted average exercise price \$
Balance at beginning of year	1,370,636	Nil	2,954,800	Nil
granted	39,820,064	Nil	Nil	Nil
converted to shares	(4,644,090)	Nil	(858,319)	Nil
forfeited	(3,971,774)	Nil	(725,845)	Nil
Balance at end of year	32,574,836		1,370,636	
Vested at end of year	-	Nil	-	Nil

Performance rights do not carry any exercise price.

(i) Performance rights held at the beginning of the reporting period:

The following table summarises information about performance rights held by employees as at 1 July 2010.

Number of performance rights	Grant date	Service period commencement date	Expiry date	Weighted average exercise price
685,319	20 January 2009	1 October 2008	n/a	Nil
685,319	20 January 2009	1 October 2008	n/a	Nil
1,370,638				Nil

(ii) Performance rights granted during the reporting period:

the company granted 39,820,064 performance rights during the reporting period summarised in the table below:

Number of performance rights	Grant date	Service period commencement date	Expiry date	Weighted average exercise price
5,089,566	5 July 2010	1 October 2009	n/a	Nil
5,089,566	5 July 2010	1 October 2009	n/a	Nil
5,089,566	5 July 2010	1 October 2009	n/a	Nil
8,183,790	30 December 2010	1 October 2010	n/a	Nil
8,183,790	30 December 2010	1 October 2010	n/a	Nil
8,183,786	30 December 2010	1 October 2010	n/a	Nil
39,820,064				Nil

(iii) Shares issued during the reporting period pursuant to satisfaction of vesting conditions of performance rights:

Shares were issued in respect of the conversion of 4,644,090 performance rights during the year ended 30 June 2011 (2010: 858,319).

(iv) Performance rights forfeited during the reporting period pursuant to the failure of vesting conditions of rights:

3,971,774 performance rights were forfeited during the year ended 30 June 2011 (2010: 725,845) due to the failure of performance or vesting conditions attached to the rights.

(v) Performance rights held at end of reporting period:

The following table summarises information about performance rights held by employees as at 30 June 2011.

Number of performance rights	Grant date	Service period commencement date	Expiry date	Weighted average exercise price
640,317	20 January 2009	1 October 2008	n/a	Nil
3,782,460	5 July 2010	1 October 2009	n/a	Nil
3,782,460	5 July 2010	1 October 2009	n/a	Nil
8,123,201	30 December 2010	1 October 2010	n/a	Nil
8,123,201	30 December 2010	1 October 2010	n/a	Nil
8,123,197	30 December 2010	1 October 2010	n/a	Nil
32,574,836				

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 1.12 years (2010: 0.75 years).

(vi) Fair value of performance rights

The weighted average fair value of performance rights related to the period was \$0.006 (2010: \$0.02). The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date have been determined using a Black-Scholes pricing model that takes into account the exercise price, the vesting period of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

The Black Scholes model inputs for rights granted on 5 July relating to the year ended 30 June 2010 included:

- (a) rights are granted for no consideration
- (b) exercise price: nil (2009 : nil)
- (c) grant date: 5 July 2010
- (d) expiry date: various
- (e) share price at grant date: \$0.02 (2009: \$0.04)
- (f) expected price volatility of the company's shares: 60% (2009: 60%)
- (g) expected dividend yield: 0% (2009: 0%)
- (h) risk-free interest rate: 4.595% (2009: 2.865%)

The Black Scholes model inputs for rights granted on 30 December relating to the year ended 30 June 2011 included:

- (a) rights are granted for no consideration
- (b) exercise price: nil (2010 : nil)
- (c) grant date: 30 December 2010
- (d) expiry date: various
- (e) share price at grant date: \$0.007 (2010: \$0.02)
- (f) expected price volatility of the company's shares: 60% (2010: 60%)
- (g) expected dividend yield: 0% (2010: 0%)
- (h) risk-free interest rate: 4.730% (2010: 4.595%)

(c) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of the employee benefits expense were as follows:

	Consolidated	
	2011	2010
	\$	\$
Rights issued under the Plan	289,388	62,410
	289,388	62,410

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

	Consolidated	
	2011	2010
	\$	\$
Loss attributable to members	(4,383,868)	(4,155,911)
Depreciation and amortisation	151,279	198,923
Impairment of PPE & intangibles	-	191,712
Non-cash employee benefits expense – share-based payments	289,388	62,410
Net (gain) loss on sale of non-current assets	305	(5,677)
Gain on sale on unlisted shares	-	(28,822)
Write back inventory impairment	-	(22,615)
Net exchange differences	65,915	30,764
 (Increase) decrease in trade debtors	198,674	(264,849)
(Increase) decrease in other receivables	(84,431)	719
(Increase) decrease in other operating assets	67,703	(25,216)
(Increase) decrease in prepayments	(23,873)	5,133
Increase (Decrease) in trade & other creditors	194,199	(119,696)
Increase (Decrease) in deferred income	(40,717)	(211,399)
Increase (Decrease) in employee provisions	22,235	19,884
Increase (Decrease) in other provisions	11,974	(187,493)
Net cash outflow from operating activities	(3,531,217)	(4,512,133)

34. Discontinued operations

(a) Description

In August 2008 Tyrian Diagnostics Limited announced its intention to cease active efforts to develop and commercialise its portfolio of therapeutic compounds and close the operations in the Group's Boston office operated by a wholly-owned subsidiary, Proteome Systems Inc. In September 2008 the Group ceased all research activities and all Proteome Systems Inc staff were terminated. The Group completed the process of closing down the operating premises in Boston during the 2010 financial year incurring costs of \$35,809.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2011.

	2011	2010
	\$	\$
Operating results		
Revenue and other income	-	10,501
Operating expenses	(18,580)	(35,809)
Operating loss before tax	(18,580)	(25,308)
Income tax expense	-	-
Operating loss after income tax of discontinued operations	(18,580)	(25,308)
Provision for closure of operations	-	-
Loss from discontinued operations	(18,580)	(25,308)

Tyrian Diagnostics Limited and its controlled entities
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30 June 2011

	2011 \$	2010 \$
Cash Flow		
Net cash inflow (outflow) from ordinary activities	(11,873)	78,924
Net cash inflow (outflow) from investing activities	-	450
Net cash outflow from financing activities (excludes cash received from parent entity)	(79,778)	-
Net increase (decrease) in cash incurred by discontinued operations	(91,651)	79,374

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities included in the 30 June 2011 consolidated financial statements are as follows:

	2011 \$	2010 \$
ASSETS		
Current assets		
Cash and cash equivalents	-	98,392
Trade and other receivables	-	-
Other assets	-	-
Security Deposits	-	-
Total current assets	-	98,392
Non-current assets		
Total non-current assets	-	-
Total assets	-	98,392
LIABILITIES		
Current liabilities		
Trade and other payables	174	219
Borrowings	-	-
Provisions	-	-
Other	-	-
Total current liabilities	174	219
Non-current liabilities		
Total non-current liabilities	-	-
Total liabilities	174	219

35. Parent entity financial information

(a) Summary financial information

	Parent 2011 \$	2010 \$
Balance Sheet		
Current Assets	3,740,035	3,898,569
Total assets	4,102,765	5,059,094
Current liabilities	1,062,082	927,452
Total liabilities	1,267,354	1,157,846
<i>Shareholders' equity</i>		
Issued capital	123,603,163	119,958,301
Reserves – performance rights	3,873,604	3,713,736
- options reserve	98,919	98,919
Accumulated losses	(124,740,276)	(119,869,708)
	2,835,410	3,901,248
Loss for the year	4,430,268	3,589,526
Total comprehensive loss	4,430,268	3,589,526

Tyrian Diagnostics Limited and its controlled entities
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30 June 2011

(b) Guarantees entered into by the parent entity

	Parent	
	2011	2010
	\$	\$
Carrying amounts included in current liabilities	-	-
	-	-
Carrying amounts included in non-current liabilities	156,005	156,005
	156,005	156,005

The parent entity is required to hold a minimum level of cash and cash equivalents as a security deposit on a non-cancellable lease on operating premises in Sydney, Australia. The parent entity took out a new lease for three years commencing 1 January 2010 which is recognised as non-current.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2011 or 30 June 2010.

Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 28 to 68 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 and consolidated entity's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the company and consolidated entity will be able to pay their debts as and when they become due and payable, as discussed in Note 1 of the financial statements.

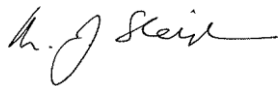
Note 1 (a) confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board,

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
31 August 2011

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 2011, 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 for the Tyrian Diagnostics group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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. These Auditing 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

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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 consolidated entity's financial position as at 30 June 2011 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*; and
- (b) the financial report and notes also comply 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 11 to 21 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature of Susan Horlin.

Susan Horlin

Partner

Sydney

31 August 2011

Shareholder Information

The shareholder information below was applicable as at 5th October 2011.

A Distribution of equity securities

Analysis of numbers of holders of quoted equity security by size of holding:

	Class of Equity Security	
	Shares	Options
1 – 1,000	28	18
1,001 – 5,000	180	26
5,001 – 10,000	112	17
10,001 – 100,000	358	59
100,000 and over	613	102
Total	1,291	222
Holders of less than a marketable parcel (\$500)	951	158

B Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest registered holders of shares are listed below. These include those shares that are held in escrow:

Name	Number held	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA LIMITED	138,129,933	13.52%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,036,692	3.72%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	26,653,103	2.61%
LAM SPECULATIVE LIMITED	22,249,999	2.18%
ABDUL FIDA PTY LTD	19,000,000	1.86%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,926,993	1.85%
LAM SPECULATIVE LTD	15,000,000	1.47%
EL CORONADO HOLDINGS LLC	15,000,000	1.47%
PETER CRISP PTY LTD	13,000,000	1.27%
KURRABA INVESTMENTS PTY LTD	12,124,115	1.19%
MR ROBERT BERNARD OLLIS	10,000,000	0.98%
M & S BROOKE PTY LTD	10,000,000	0.98%
MR ADAM CHADWICK	10,000,000	0.98%
TOLTEC HOLDINGS PTY LTD	9,745,245	0.95%
MISS GINA MARIA CATHERINA PEACOCK & MR EDWARD MICHAEL GIMENEZ	9,700,000	0.95%
JENNY LEE HARRY	9,480,574	0.93%
MR THOMAS THOMSON & MRS BARBARA HUTTON		
THOMSON MR CRAIG STUART THOMSON	9,463,760	0.93%
MR ROGER AMOS	8,166,086	0.80%
MR BERNARD CAULEY	8,000,000	0.78%
MR GEOFFREY BRIAN SPICER	8,000,000	0.78%
MR NICHOLAS JOHN RUSHTON	7,500,000	0.73%
MR BRUCE BAKER	7,402,000	0.72%
MR GARY CUTHBERTSON	7,000,000	0.68%
CITYCORP NOMINEES PTY LIMITED	6,888,428	0.67%

The names of the twenty largest registered holders of options are listed below. These include those options that are held in escrow:

Name	Number held	Percentage of issued options
LAM SPECULATIVE LTD	15,000,000	7.54%
J P MORGAN NOMINEES AUSTRALIA	13,812,994	6.94%
MASALI PTY LTD	12,000,000	6.03%
COLBERN FIDUCIARY NOMINEES PTY LTD	10,331,748	5.19%
ZIN PTY LTD	10,280,524	5.17%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,105,304	5.08%
MR PETER ANDREW PROKSA	10,000,000	5.02%

Shareholder Information continued

MISS ALMUT WINTER	6,900,000	3.47%
MR BRIAN LEE + MRS AUDREY LEE	6,000,000	3.01%
MR ALFREDO VARELA	6,000,000	3.01%
MR JOHANNES PETRUS JOSEF DE VETTEN + MRS JACQUELINE DE VETTEN + MISS CAROL LEE-ANN SIMEON	5,900,000	2.96%
MR BIN LIU	5,146,403	2.59%
MR EDWARD JOHN HYNES	4,132,699	2.08%
LAWRENCE CROWE CONSULTING PTY LTD	4,000,000	2.01%
MRS JACQUELINE DE VETTEN + MISS CAROL LEE-ANN SIMEON	3,900,000	1.96%
MR JOHANNES PETRUS JOSEF DE VETTEN + MRS JACQUELINE DE VETTEN	3,900,000	1.96%
MRS YIN LENG JANE KWAN	3,723,497	1.87%
MR DAVID FAGAN	3,500,000	1.76%
MR NICHOLAS JOHN RUSHTON	3,200,000	1.61%
MS SIHOL MARITO GULTOM	3,000,000	1.51%

The company has no unquoted equity securities.

C Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	Number of shares held	Percentage of issued shares ²
OppenheimerFunds Inc ¹	157,879,432	15.45%

¹ Number of shares as advised in the notice dated 11 April 2011 provided to the company by the shareholder.

² Calculated as the "Number of shares held" as a percentage of the total issued shares as at 5 October 2011, being 1,022,027,092.

D Voting rights

All ordinary shares (whether or not fully paid) carry one vote per share without restriction.

Tyrian Diagnostics Limited

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