

APPENDIX 4E

Preliminary final report Year ending 30 June 2012

1. Reporting Period

The financial information contained in this report is for the year ended 30 June 2012. The previous corresponding period was the year ended 30 June 2011.

2. Results for announcement to the market

				A\$'000
Revenue from continuing activities	Down	29%	to	901
Revenue and other income from continuing activities	Down	29%	to	920
(Loss) from continuing activities after tax attributable to members	Down	57%	to	(1,865)
(Loss) for the year attributable to members	Down	57%	to	(1,865)
Dividends: No dividends are being proposed or have been paid	Nil	Nil		Nil

3. Commentary related to the above results

- The net loss from continuing operations was 57% lower at \$1.86 million (2011: \$4.37 million) as the business has continued to carefully manage and reduce costs in accordance with its restructure program. All staff were terminated during the year.
- Revenue from continuing operations reduced by \$0.38 million (29%) from \$1.28 million in 2011 to \$0.90 million in 2012, due to the winding down of operations.
- A decrease in expenses from continuing operations reflects the continuing focus of the Company on cost containment. Over the full period:
 - Employment costs decreased by 64% to \$1.17 million (2011: \$3.24 million). During the year the Company reduced its workforce to nil employees (2011: 17 employees). The reduction in ongoing employment costs was partially off-set by one-off costs associated with staff redundancies.
 - Corporate and administrative expenses decreased by 43% to \$0.58 million (2011: \$1.01 million).
 - Patent costs decreased by 52% to \$0.12 million (2011: \$0.25 million) reflecting the maturity of the Company's patent portfolio.
 - Occupancy costs increased by 41% to \$0.45 million (2011: \$0.32 million) during the year. These costs included a provision for future lease costs for the period 1 July 2012 to 31 December 2012 of \$0.15 million.

4. Net Tangible Asset (NTA) backing per share

	30 June 2012	30 June 2011
	\$	\$
Net tangible assets per ordinary share	0.001	0.003

5. Audited Financial Report 2012

This report has been based on accounts which have been audited. A copy of the audited financial report and directors' report for the year ended 30 June 2012 is attached to this report and should be read in conjunction with this Appendix 4E.

The Directors of Tyrian Diagnostics Limited (the "Company") present their report on the Company and the consolidated entity, being the Company and its controlled entities, for the year ending 30 June 2012 ("2012").

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 (to 24 February 2012)
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, Enero Group Limited (formerly Photon Group Limited) and, until May 2012, Austar United Communications 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 (to 24 February 2012)

(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. She was Managing Director of the company until February 2012 and in that capacity she was responsible for 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.

CAROLINE POPPER MD MPH

(Independent Non-Executive Director)

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

ANDREW BLUNDEN FCA MAICD (appointed 24 February 2012)
(Company Secretary, Chief Financial Officer)

Andrew is a Fellow of the Institute of Chartered Accountants in Australia. He has over 20 years' experience as Chief Financial Officer, Company Secretary and Director with both publicly listed and privately owned organisations. He has held executive positions with such companies as Sonic Healthcare Ltd, Computershare Ltd, LAN Systems Pty Ltd and Serco Australia Ltd. He is the founding director of the not-for-profit business association, Pittwater Business Limited and, through his company, Part Time Professionals Pty Ltd, assists companies source contracted company secretarial and CFO services throughout Australia.

LISA JONES LLB (to 24 February 2012)
(Company Secretary, Head of Business and Legal Affairs)

Lisa was 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 (to 24 November 2011)
(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	Since July 2006
	Espreon Limited	From July 2006 to 12 March 2009
	Austar United Communications Limited	From May 2008 to May 2012
	Enero Group Limited (formerly Photon Group Limited)	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	12	12	3	3	-	-
Jenny Harry	8	8	-	-	-	-
Caroline Popper	12	10	-	-	-	-
Merilyn Sleigh	12	12	3	3	-	-

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

At the date of this Report, directors' interests, including their personally related entities, in shares, 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 ¹	11,063,152	-	-
Caroline Popper	-	-	-

Merilyn Sleigh	600,000	60,000	-
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¹ This information reflects Jenny Harry's shareholding at her date of termination being 24 February 2012. Shareholdings of directors and specified executives include those that have been disclosed under representation made to them by personally related entities. The directors and specified executives have relied upon the representations made as they have no control or influence over the financial affairs of the personally related entities to substantiate the holdings declared. When a personally related entity declines to provide shareholding details, the shareholding of that personally related entity is assumed to be nil, unless the company is aware of information indicating otherwise.

Principal activities

The principal continuing activities of the consolidated entity consist of licensing the company's TB intellectual property for a rapid protein test to companies developing new point-of-care diagnostic platforms, and continuing negotiations for the licensing and/or sale of its core intellectual property assets.

While also considering alternative strategic options for the company, the company has successfully implemented a cost reduction plan during the year.

Review of operations

Consolidated results

Revenue from continuing operations and other income generated by the Group for the year ended 30 June 2012 was \$919,735 (2011: \$1,304,999). The net loss after tax attributable to equity holders of the Parent entity for the year ended 30 June 2012 was \$1,865,210 (2011: \$4,383,868).

Loss per share

	2012 cents	2011 cents
For loss attributable to ordinary equity holders of the Company		
Basic loss per share	(0.2)	(0.6)
Diluted loss per share	(0.2)	(0.6)
For loss from continuing operations attributable to ordinary equity holders of the Company		
Basic loss per share	(0.2)	(0.6)
Diluted loss per share	(0.2)	(0.6)

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 \$2,171,612 (2011: \$3,531,217). 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 2011 levels.

Operations review

Commercialising the TB Intellectual Property

In the second half of calendar 2011, Tyrian focussed on identifying an appropriate partner for further development and commercialisation of its proprietary marker for a molecular test to detect active TB. Tyrian worked with an external business development consultant in the US to assist with the identification of the most suitable partner/s. These efforts resulted in the entry into an exclusive licence agreement with SpeedX Pty Ltd in December 2011, under which Tyrian has received an up-front payment and will also receive milestone payments upon the achievement of regulatory and patent milestones and a percentage of sub-licensing revenues and royalties on net sales of products incorporating Tyrian's patented intellectual property. SpeedX will also pay all future patent and research and development costs.

Tyrian continued its efforts to licence its TB intellectual property for a rapid protein diagnostic test to companies developing new point-of-care diagnostic platforms with higher sensitivity of detection than current technologies. In December 2011, Tyrian entered into a distribution agreement with NeoClone LLC for the manufacture and distribution of Tyrian's antibodies for the detection of TB proteins. NeoClone will distribute the antibodies to parties interested in conducting research using Tyrian's antibodies and such parties would need to approach Tyrian for a licence for any commercial products. At the date of this report Tyrian is continuing discussions on the licencing of its TB protein technology to interested parties.

Point-of-Care Diagnostic for Chronic Respiratory Disease

Tyrian continued to define and develop a prototype test for sputum-based assessment of Chronic Respiratory Disease. This included development of a simplified protocol for sputum processing and analysis of additional sputum samples from asthmatics to support existing data generated from bronchiectasis and cystic fibrosis samples. Analysis of the IP landscape for sample processing determined that clinical testing to refine parameters was required to maximize likelihood of successful patent protection.

Negotiations with Bayer CropScience AG

During the year ended 30 June 2012, following a change in Bayer's strategy regarding its agricultural diagnostic products, Tyrian and Bayer commenced negotiations regarding the possible termination of some or all of their agreements for the development, commercialization and manufacture of agricultural diagnostic products using Tyrian's DiagnostIQ platform.

In April 2012 Tyrian and Bayer executed a settlement agreement under which all existing agreements were terminated. Under the terms of the settlement, Bayer paid Tyrian a cash settlement of US\$325,000 and both parties released each other from all claims and liability relating to the terminated agreements. Tyrian agreed to grant Bayer a new non-exclusive licence to its DiagnostIQ test platform to allow Bayer to continue to commercialise the DiagnostIQ test and Reader for an alpha amylase wheat quality test. Under the terms of this licence, Tyrian will earn royalties on net sales.

Efforts to establish a joint venture for agricultural diagnostics

During the year, Tyrian continued its efforts to attract potential partners to establish an Agri-diagnostic portfolio company to develop and commercialise products using the company's proprietary DiagnostIQ platform. Tyrian worked with business advisors in the US and Australia and identified several interested parties. Subsequently, Tyrian has engaged with potential licensees of its DiagnostIQ platform technology. Discussions are continuing.

Corporate Restructure

The continued delay in commercialisation of the agricultural products licensed to Bayer and the subsequent change in Bayer's strategy regarding its agricultural diagnostic portfolio triggered an immediate review of the company's strategy. In the second half of 2011, the company implemented initiatives to immediately reduce the company's operating costs including the sale of certain assets; vacating the company's facility at North Ryde; cessation of research and development work and termination of all employees. Restructuring costs related to the termination of employees were paid during this period. As a result of the restructure, the company's operating costs have been significantly reduced.

The company will continue to pay rent and outgoings in respect of its North Ryde premises until the expiry of the lease on 31 December 2012. The company has recognised a provision for future lease costs (including rent, outgoings and make-good requirements) during this period.

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 out-licensing 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 was successful in developing or licensing the compounds then Tyrian would receive license fees and royalties on sales. Tyrian was issued shares in Mindset equal to 5% of the outstanding shares of common stock. While Tyrian remained 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.

On 30 May 2012 Tyrian sold all its shares in Eukarion, Inc to MindSet for \$1,000 consideration.

Expenses from continuing operations:

A decrease in expenses from continuing operations reflects continuing focus of the Company on cost containment. Over the financial year:

- Employment costs decreased by 64% to \$1.17 million (2011: \$3.24 million). During the year the Company reduced its workforce to nil employees (2011: 17 employees). The reduction in ongoing employment costs, however, was partially off-set by one-off costs associated with staff redundancies.
- Corporate and administrative expenses decreased by 43% to \$0.58 million (2011: \$1.01 million).
- Patent costs decreased by 52% to \$0.12 million (2011: \$0.25 million) reflecting the maturity of the Company's patent portfolio.

Occupancy costs increased by 41% to \$0.45 million (2011: \$0.32 million) during the year. These costs included the recognition of a provision for future lease costs for the period 1 July 2012 to 31 December 2012 of \$0.15 million.

Significant changes in the state of affairs

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

(a) the company undertook a strategic review which led to the cessation of all development of its programmes as the company focussed on (i) licensing or selling its intellectual property assets; (ii) reducing the company's ongoing operating costs and cash outflows; and (iii) exploring alternative strategic options for the future of the company to maximise shareholder value;

(b) all employees were terminated in the second half of 2011. Employment costs relating to the termination of staff were paid during this half-year and totalled \$1,155,399;

(c) in November 2011 the company vacated its premises at North Ryde. The company continues to pay rent and outgoings to the end of the lease on 31 December 2012;

(d) all fixed assets were sold or disposed of during the second half of 2011. Impairment costs totalling \$119,765 were incurred during this period.

Matters subsequent to the end of the financial year

Since the end of the financial year, the directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the 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 2012 financial year under the Greenhouse Gas Reduction Scheme.

Indemnification and insurance of directors, officers and auditors

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

- indemnifies the director or officer against all liabilities (including legal costs in defending proceedings) incurred by the director or officer in, or arising out of:
 - (a) the conduct of the business of the Company or of a Subsidiary; or
 - (b) any act or omission of the director or officer in their capacity as a director of the Company or a subsidiary of the Company
- must maintain an insurance policy against any liability incurred by the director or officer in their capacity as an officer during that person's term of office and for seven years after that.

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

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

During the financial year, Tyrian Diagnostics Limited paid a premium of \$50,797 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:

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

Between 1 July 2012 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 no performance rights over the Company's ordinary shares on issue (nil at reporting date). None of these rights are listed on the Australian Stock Exchange.

During the financial year:

- no performance rights were granted to executives and employees of the company (2011 – 39,820,064);
- no shares were issued in satisfaction of rights that had vested (2011 – 4,644,090);
- 32,574,836 performance rights were forfeited (2011 – 3,971,774).

Between 1 July 2012 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.

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 no meetings during the year.

A Principles used to determine the nature and amount of remuneration

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

- competitiveness and reasonableness;

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

Directors fees

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

The maximum annual aggregate total remuneration for non-executive directors is approved by shareholders. At the 2004 annual general meeting this maximum amount was set at \$350,000 per annum. In 2012, the Company paid non-executive directors a total of \$150,000 (2011 - \$247,646). Details of the fees paid are set out in the table on page 11.

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 11.

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.

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 the termination date of these executives. No performance rights were issued in 2012 and all outstanding performance rights were forfeited during the year.

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.

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

The former CEO, Head of Business and Legal Affairs, COO, CSO, and CFO were issued with certain equity based compensation (performance rights), which were to vest upon the achievement of specific milestones. Due to the termination of all employees during the year, no such compensation was issued in the current financial year and no performance rights are outstanding at the date of this report.

Further details of the performance rights granted to the CEO, Head of Business and Legal Affairs, COO, CSO and CFO in 2011 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 2 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, former Head of Business & Legal Affairs and Company Secretary
- Robyn Lindner, former Chief Scientific Officer (CSO)
- Michelle Gow, former Chief Operating Officer (COO)
- Michael Vamos, former 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

2012					Post-employment			Total
	Short-term Benefits				Benefits	Share-based payments		
	Cash Salary and Fees	Bonus	Non Monetary Benefits	Term. Benefits	Superannuation	Performance Rights	shares in lieu of fees	
	\$		\$	\$	\$	\$	\$	
Non-executive directors								
Roger Amos	50,333	-	-	-	2,167	-	22,500	75,000
Marilyn Sleigh	20,100	-	-	-	14,900	-	-	35,000
Caroline Popper	40,000	-	-	-	-	-	-	40,000
Sub-total non-executive directors	110,433	-	-	-	17,067	-	22,500	150,000
Executive directors								
Jenny Harry ¹	105,187	-	-	384,800	31,539	-	-	521,526
Other Key Management Personnel								
Lisa Jones ¹	50,232	-	-	158,792	20,768	-	-	229,792
Robyn Lindner ¹	74,712	-	-	134,926	12,095	-	-	221,733
Michelle Gow ²	74,100	-	-	32,138	6,669	-	-	112,907
Michael Vamos ²	72,692	-	-	21,499	6,543	-	-	100,734
Total key management personnel	487,356	-	-	732,155	94,681	-	22,500	1,336,692

Note: The chairman had part of his director's fees paid by way of issuance of shares as a direct measure to conserve the Group's cash reserves.

Notes to the preceding remuneration table:

¹ Jenny Harry, Lisa Jones and Robyn Lindner ceased employment 24 February 2012

² Michael Vamos and Michelle Gow ceased employment 24 November 2011.

Directors' Report continued

2011	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	82,569	-	-	-	7,431	-	45,088	135,088
Marilyn Sleight	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 ²	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

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	
	2012	2011	2012	2011	2012	2011
<i>Executive Directors</i>						
Jenny Harry	100%	72%	nil %	18%	nil %	10%
<i>Other key management personnel of Tyrian Diagnostics Limited</i>						
Lisa Jones	100%	79%	nil %	13%	nil %	8%
Robyn Lindner	100%	79%	nil %	13%	nil %	8%
Michelle Gow	100%	81%	nil %	12%	nil %	7%
Michael Vamos	100%	90%	nil %	5 %	nil %	5%

C Service agreements

Remuneration and other terms of employment for the CEO and other key management personnel, excluding non-executive directors, were formalised in service agreements. No two agreements were 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. No service agreements were in place as at 30 June 2012 as all employees were terminated during the year.

Jenny Harry – CEO/Managing Director (ceased employment 24 February 2012)

Length of contract	No fixed term.
Fixed remuneration	\$300,000 plus 10% superannuation; was reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance was provided.
Incentives	Dr Harry was 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 15 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 was 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 (ceased employment 24 February 2012)

Length of contract	No fixed term.
Fixed remuneration	\$156,000 plus 10% superannuation; was reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance was provided.
Incentives	Ms Jones was 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 15 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 was 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 (ceased employment 24 November 2011)

Length of contract	No fixed term.
Fixed remuneration	\$183,486 plus 9% superannuation; was reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance was provided
Incentives	Ms Gow was 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 15 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 (ceased employment 24 November 2011)

Length of contract	No fixed term.
Fixed Remuneration	\$180,000 plus 9% superannuation; was reviewed annually.
Other Benefits	Coverage under the Company's salary continuance insurance was provided
Incentives	Mr Vamos was 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 15 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 (ceased employment 24 February 2012)

Length of contract	No fixed term.
Fixed Remuneration	\$185,000 plus 10% superannuation; was reviewed annually.
Other benefits	Coverage under the Company's salary continuance insurance was provided
Incentives	Dr Lindner was 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 15 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 superseded 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 2012 no key management personnel held unlisted options in shares over the company (2011 – nil).

No unlisted options were issued to key management personnel of the Group during the year ended 30 June 2012 (2011: nil).

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.

2012	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
<i>Other key management personnel of the Group</i>				
Nil				

2011	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
<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 2012 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 2012 (2011: 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 10 of this Remuneration Report. The Performance Rights are not quoted on the ASX.

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.

At 30 June 2012 there were no key management personnel who held performance rights, or who had been allocated shares in 2012 pursuant to performance rights issued under the Plan.

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
2012					
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>					
Jenny Harry	11,072,529	-	-	(11,072,529)	-
<i>Other key management personnel of the Group</i>					
Lisa Jones	3,701,385	-	-	(3,701,385)	-
Robyn Lindner	4,476,660	-	-	(4,476,660)	-
Michelle Gow	4,199,682	-	-	(4,199,682)	-
Michael Vamos	3,068,822	-	-	(3,068,822)	-
2011					
	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	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 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.

There were no grants relating to the year ended 30 June 2012. 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
- (c) grant date: 30 December 2010
- (d) expiry date: various
- (e) share price at grant date: \$0.007
- (f) expected price volatility of the company's shares: 60%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 4.730%

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.

	Date of issue of shares	Number of ordinary shares issued on conversion of rights during the year	
		2012	2011
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>			
Jenny Harry	31 Jan 2011	-	1,668,333
<i>Other key management personnel of the Group</i>			
Lisa Jones	31 Jan 2011	-	2,570,730
Robyn Lindner	31 Jan 2011	-	3,258,632
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 \$0.003 to \$0.001. The share price has decreased from \$0.005 on 30 June 2011 to \$0.001 at 30 June 2012.

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 11 of the remuneration report.

For each grant of performance rights included in the tables on pages 11, 15 and 16, 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 15 and 16). No performance rights vest if the vesting conditions are not satisfied. As there are no outstanding performance rights at 30 June 2012, both the minimum and maximum value of the performance rights yet to vest is nil. In 2011 the maximum value of the performance rights yet to vest was determined assuming all performance rights vest, using the valuation criteria outlined in page 16 of the remuneration report.

Name	Year granted	Rights					
		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%	47%	Nil	-	Nil	Nil
Jenny Harry	2010	25%	75%	Nil	-	Nil	Nil
Jenny Harry	2011	Nil	Nil	Nil	-	Nil	Nil
Lisa Jones	2009	53%	47%	Nil	-	Nil	Nil
Lisa Jones	2010	25%	75%	Nil	-	Nil	Nil
Lisa Jones	2011	Nil	Nil	Nil	-	Nil	Nil
Robyn Lindner	2009	60%	40%	Nil	-	Nil	Nil
Robyn Lindner	2010	27%	73%	Nil	-	Nil	Nil
Robyn Lindner	2011	Nil	Nil	Nil	-	Nil	Nil
Michelle Gow	2010	25%	75%	Nil	-	Nil	Nil
Michelle Gow	2011	Nil	Nil	Nil	-	Nil	Nil
Michael Vamos	2011	Nil	Nil	Nil	-	Nil	Nil

Share-based compensation: rights

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

Name	A	B	C	D
	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 12 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

No 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 (2011 – 31,755,108).

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.

Details of rights previously granted are included on the table on page 15 of this report.

Auditor

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

Assurance services

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

	Consolidated	
	2012	2011
	\$	\$
<i>Audit services</i>		
PricewaterhouseCoopers Australian firm: Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	46,609	151,276
Total remuneration for audit services	46,609	151,276

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 \$nil (2011: \$1,700) non-audit services during the current period.

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

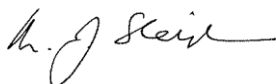
Auditors' independence declaration

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

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



Roger Amos
Director



Marilyn Sleigh
Director

Sydney,
30 August 2012

Auditor's Independence Declaration

As lead auditor for the audit of Tyrian Diagnostics Limited for the year ended 30 June 2012, 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 black ink, appearing to read 'S. Horlin'.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
30 August 2012

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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. 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. No performance evaluations were undertaken in 2011 and 2012 due to the termination of all executives and staff.

2 Board Composition

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

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

2.1 Independence of directors

The Board has assessed the independence of all non-executive directors and has determined that the following non-executive directors are independent: Roger Amos (Chairman), 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.

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.

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

- 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.

6.2 Auditor availability

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

7 Recognise and manage risk

Risk management

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

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

The Audit & Risk Committee reports to the Board at least twice each year on all matters relating to its responsibilities for risk management. The Board reviews the Audit & Risk Committee's reports and recommendations and makes an assessment of the effectiveness of the Company's systems and processes for risk management. Under its Charter, the Audit & Risk committee requires management to design and implement the risk management and internal control system to manage the company's material business risks. Management is required to report to the Audit & Risk Committee twice-yearly on how the company is performing against its risk management system.

8 Remunerate fairly and responsibly

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

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These financial statements are the 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 is

Level 10, 167 Macquarie Street
Sydney NSW 2000

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 4-6 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 29 August 2012. 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 2012

		Consolidated	
		2012	2011
		\$	\$
Revenue from continuing operations	Notes 4	900,714	1,275,648
Other income	5	19,021	29,351
Cost of goods sold		(20,976)	(214,074)
Employment costs		(1,167,340)	(3,239,267)
Occupancy costs	6	(452,351)	(317,017)
Corporate & administration costs		(579,235)	(1,013,956)
External research supplies and services		(76,756)	(352,574)
Intellectual property costs		(124,464)	(250,679)
Depreciation and amortisation expense	6	(20,086)	(151,279)
Write back/(increase) impairment of assets	6	(119,765)	-
Write off foreign exchange reserve upon deregistration/disposal of foreign subsidiaries		(179,662)	-
Foreign exchange losses		(14,768)	(100,865)
Other expenses		(392)	(392)
Loss before income tax		(1,835,668)	(4,335,104)
Income tax expense	7	(29,719)	(30,184)
Loss from continuing operations		(1,865,387)	(4,365,288)
Profit/(Loss) from discontinued operations	34	177	(18,580)
Loss attributable to members of Tyrian Diagnostics and Controlled Entities		(1,865,210)	(4,383,868)
Other comprehensive income			
Exchange differences on translation of foreign operations		(8,646)	5,085
Total comprehensive loss for the year		(1,873,856)	(4,378,783)
		cents	cents
Loss per share from continuing operations attributable to the ordinary equity of holders of the company			
Basic loss per share	22	(0.20)	(0.60)
Diluted loss per share	22	(0.20)	(0.60)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	22	(0.20)	(0.60)
Diluted loss per share	22	(0.20)	(0.60)

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

Tyrian Diagnostics Limited and its controlled entities
Balance Sheet
As at 30 June 2012

		Consolidated	
		2012	2011
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,072,425	3,158,142
Trade and other receivables	9	-	449,724
Inventories	10	-	19,170
Other financial assets	11	156,005	-
Other assets	12	39,292	112,999
Total Current Assets		1,267,722	3,740,035
Non-Current Assets			
Other financial assets	13	-	156,005
Property, plant and equipment	14	-	204,792
Intangible assets	15	-	1,933
Total Non-Current Assets		-	362,730
TOTAL ASSETS		1,267,722	4,102,765
LIABILITIES			
Current liabilities			
Trade and other payables	16	59,804	628,320
Provisions	17	291,184	133,336
Deferred Income	18	-	333,735
Total Current Liabilities		350,988	1,095,391
Non-Current Liabilities			
Provisions	19	-	245,155
Total Non-Current Liabilities		-	245,155
TOTAL LIABILITIES		350,988	1,340,546
NET ASSETS		916,734	2,762,219
EQUITY			
Contributed equity	20	123,625,663	123,603,163
Reserves	21	3,798,735	3,801,510
Accumulated losses	21	(126,507,664)	(124,642,454)
Parent entity interest		916,734	2,762,219

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 2012

Consolidated	Attributable to owners of Tyrian Diagnostics Ltd			
	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 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
Loss for the year as reported in the 2012 financial statements	-	-	(1,865,210)	(1,865,210)
Exchange differences on translation of foreign operations	-	(8,646)	-	(8,646)
Total comprehensive income	-	(8,646)	(1,865,210)	(1,873,856)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	22,500	-	-	22,500
Employee performance rights forfeited	-	(173,790)	-	(173,790)
Reverse foreign exchange reserve on deregistration/disposal of foreign subsidiaries	-	179,661	-	179,661
Balance at 30 June 2012	123,625,663	3,798,735	(126,507,664)	916,734

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 2012

		Consolidated	
		2012	2011
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		751,933	1,016,864
Payments to suppliers and employees (inclusive of goods and services tax)		(3,212,863)	(4,822,473)
		(2,460,930)	(3,805,609)
Interest received		82,123	155,583
Net income tax refund		207,195	118,809
Net cash outflow from operating activities	33	(2,171,612)	(3,531,217)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(23,480)
Payments for computer software capitalised		-	(1,294)
Proceeds from sale of property, plant and equipment		85,895	354
Proceeds from disposal of equity investments		-	-
Net cash (outflow)/ inflow from investing activities		85,895	(24,420)
Cash flows from financing activities			
Proceeds from issues of shares		-	3,972,131
Share issue transaction costs		-	(456,788)
Net cash inflow from financing activities		-	3,515,343
<i>Net (decrease) in cash and cash equivalents</i>		(2,085,717)	(40,294)
<i>Cash and cash equivalents at the beginning of the financial year</i>		3,158,142	3,261,345
<i>Effects of exchange rate changes on cash and cash equivalents</i>		-	(62,909)
<i>Cash and cash equivalents at the end of the financial year</i>	8	1,072,425	3,158,142

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

Notes to the Financial Statements

30 June 2012

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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 2012 the consolidated entity incurred an operating loss before tax of \$1,865,210 (2011 \$4,383,868) and net cash outflows from operating activities of \$2,171,612 (2011 - \$3,531,217).

At 30 June 2012, the group had \$1,228,430 in cash, including a security deposit of \$156,005. As at 31 July 2012, the comparable cash balance was \$1,170,330.

Corporate Restructure

As announced in August 2011, the continued delay in commercialisation of the agricultural products licensed to Bayer and the subsequent change in Bayer's strategy regarding its agricultural diagnostic portfolio triggered an immediate review of the company's strategy. In the second half of calendar 2011, the company implemented initiatives to immediately reduce the company's operating costs. Restructuring costs related to the termination of employees were paid during this period. As a result of the restructure, the company's operating costs have been significantly reduced. In addition, the company has deregistered/disposed of all its foreign subsidiaries.

The company will continue to pay rent and outgoings in respect of its North Ryde premises until the expiry of the lease on 31 December 2012. The company has recognised a provision for future lease costs (including rent, outgoings and make-good requirements) during this period.

Going concern assumption

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

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

(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 2012 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 financial 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. 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 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").

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 2012 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

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

The Board considers the business to consist of one operating segment, being the 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 Board

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

	2012	2011
	\$	\$
Revenue from External Customers	489,951	896,009
Cost of goods sold	(20,976)	(214,074)
Interest revenue	70,550	166,622
Sundry income	340,213	213,017
Other income	19,021	29,351
Total Net income	898,759	1,090,925
Depreciation and Amortisation	(20,086)	(151,279)
Share based payment expense	(22,500)	(289,388)
Foreign Exchange Gains/ (Losses)	(14,768)	(100,865)
All other expenses	(2,676,896)	(4,903,077)
Income tax expense	(29,719)	(30,184)
Net loss after tax	(1,865,210)	(4,383,868)
Total gross segment assets	1,267,722	4,102,765
Total Assets includes:		
Additions to non-current assets (there are no financial assets and deferred tax)	-	24,645
Total segment liabilities	350,988	1,258,882

(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	
	2012	2011
	\$	\$
Segment revenue from external customers	489,951	896,009
Add: Interest revenue	70,550	166,622
Sundry income	340,213	213,017
Less: Revenue from discontinued operations	0	0
Total revenue from continuing operations (note 4)	900,714	1,275,648

The entity is domiciled in Australia. Segment revenue for 2012 from external customers in Australia is \$150,000 (2011: \$nil) and from external customers in other countries is \$339,951 (2011: \$896,009), including \$337,420 (2011: \$890,403) from Germany and \$2,531 (2011: \$5,606) from USA.

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The following revenues were derived from single external customers:

	Consolidated	
	2012	2011
	\$	\$
Customer 1	337,420	890,403
Customer 2	150,000	-
Customer 3	2,531	-

(ii) *Operating Loss*

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

	Consolidated	
	2012	2011
	\$	\$
Segment operating loss after tax	(1,865,210)	(4,383,868)
Add back: (Profit)/Loss from discontinued operations	(177)	18,580
Loss after tax from continuing operations	(1,865,387)	(4,365,288)

(iii) *Segment assets*

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements, and as such segment assets equal total 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 \$nil (2011: \$362,730), and the total of these non-current assets located in other countries is \$nil (2011: \$9,295).

(iv) *Segment liabilities*

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

4. Revenue

	Consolidated	
	2012	2011
	\$	\$
From continuing operations		
Sales & business revenue		
Sale of goods	-	65,341
Collaboration income	50,876	374,692
Royalty income	6,216	17,380
License income	432,859	343,972
Other services income	-	94,624
	489,951	896,009
Other revenue		
Interest	70,550	166,622
Sundry income	340,213	213,017
	410,763	379,639
Total revenue from continuing operations	900,714	1,275,648

5. Other income

	Consolidated	
	2012	2011
	\$	\$
Government grants	-	29,351
Net profit on disposal of property, plant and equipment	19,021	-
Total other income	19,021	29,351

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(a) Government grants

Export market development grants of \$nil (2011: \$29,351) 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	
	2012	2011
	\$	\$
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	7,581	74,201
Amortisation		
Leasehold improvements	12,037	70,796
Computer software	468	6,282
Total amortisation	12,505	77,078
Total depreciation and amortisation	20,086	151,279
Impairment of assets		
Plant and equipment	23,596	-
Leasehold improvements	94,704	-
Computer software	1,465	-
Total Impairment	119,765	-
Rental Expense relating to operating leases (includes rental expenses totalling \$151,184 payable for the period 1 July 2012 to 31 December 2012 and recognised in the provision for onerous contracts – refer Note 17)	380,855	254,016
Defined contribution superannuation expenses (refer note 31)	57,366	318,674
Employee performance rights forfeited (refer note 32(b)(iv))	(173,790)	-
Share-based payments (refer note 32)	22,500	289,388

7. Income tax expense

	Consolidated	
	2012	2011
	\$	\$
(a) Income tax expense		
Current tax	29,719	30,184
Income tax expense is attributable to:		
Loss from continuing operations	29,719	30,184
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,835,668)	(4,365,288)
Tax at the Australian tax rate of 30% (2010 - 30%)	(550,700)	(1,309,586)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible entertainment	623	1,713
R&D uplift	(85,010)	(41,439)
Share-based payments	-	86,816
	(635,087)	(1,262,496)
Tax refund for R&D Tax Offset election	255,031	207,195
Tax losses and temporary differences not recognised as deferred tax assets	380,056	1,055,301
Non-recoverable withholding tax written off	29,719	30,184
Income tax expense	29,719	30,184

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(c) Tax losses

	Consolidated	
	2012	2011
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised:		
Potential tax benefit @ 30%	31,693,519	31,313,463

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	
	2012	2011
	\$	\$
Cash at bank and on hand	609,004	2,285,879
Deposits at call	463,421	872,263
	1,072,425	3,158,142

(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 3.50% (2011: 4.75%). These deposits have a weighted average maturity of 0 days (2011: 0 days).

9. Current assets – trade and other receivables

	Consolidated	
	2012	2011
	\$	\$
Trade receivables	-	258,087
	-	258,087
Other receivables	-	191,637
	-	449,724

(a) Bad and doubtful trade receivables

During the year ended 30 June 2012 the Group recognised \$nil net loss (2011: \$nil) in respect of bad and doubtful trade receivables from continuing operations. The Group recognised no additional loss in the year ended 30 June 2012 (2011: \$nil) in respect of bad and doubtful trade receivables from discontinued operations.

(b) Impaired trade and other receivables

As at 30 June 2012 nil current trade receivables of the Group were impaired (2011: \$nil). The amount of the provision against impaired Group receivables was nil (2011: \$nil).

(c) Past due but not impaired

As of 30 June 2012, trade receivables of \$nil (2011: \$2,856) 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	
	2012	2011
	\$	\$
Trade Receivables		
Past due > 3 months	-	2,856
	-	2,856

(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	
	2012	2011
	\$	\$
Raw materials - net book value	-	19,170
	-	19,170

11. Current assets – other financial assets

Security Deposits

	Consolidated	
	2012	2011
	\$	\$
Current	156,005	-
Non-current	-	156,005
Total security deposits	156,005	156,005

	Consolidated	
	2012	2011
	\$	\$
Represented by:		
Bank deposit	156,005	156,005
	156,005	156,005

12. Current assets – other

	Consolidated	
	2012	2011
	\$	\$
Prepayments	16,912	83,978
Interest receivable	5,948	17,522
GST Receivable	16,432	11,499
	39,292	112,999

13. Non-current assets – other financial assets

	Consolidated	
	2012	2011
	\$	\$
Security Deposits	-	156,005
Shares in MindSet Rx Inc.	-	-
	-	156,005

Tyrian Diagnostics Limited owns 100,000 shares in an unlisted private company, Mindset Rx Inc ("Mindset").

(a) 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. In 2012 this asset was re-classified as current as the non-cancellable lease terminates on 31 December 2012.

	Consolidated	
	2012	2011
	\$	\$
At beginning of year	156,005	156,005
Transfer to current assets	(156,005)	-
At end of year	-	156,005

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

	Consolidated	
	2012	2011
	\$	\$
Leasehold Improvements		
At cost	-	223,137
Less: Accumulated amortisation	-	(114,119)
Less: Impairment write-down	-	(2,277)
	-	106,741

Consolidated

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	2012	2011
	\$	\$
Plant and equipment		
At cost	-	3,634,075
Less: Accumulated depreciation	-	(3,533,755)
Less: Impairment write-down	-	(2,269)
	-	98,051
Total property, plant and equipment	-	204,792

	Leasehold Improvements	Plant & equipment	Total
	\$	\$	\$
Consolidated			
2012			
Carrying amount at 1/7/11	106,741	98,051	204,792
Disposals	-	(66,874)	(66,874)
Depreciation/amortisation expense (Note 6)	(12,037)	(7,581)	(19,618)
Impairment (Note 6)	(94,704)	(23,596)	(118,300)
Carrying amount at 30/06/12	-	-	-
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

15. Non-current assets – intangible assets

	Consolidated	
	2012	2011
	\$	\$
Computer software		
At cost	-	371,088
Less: Accumulated amortisation	-	(369,155)
	-	1,933
Total intangible assets	-	1,933

	Computer Software	Total
	\$	\$
Consolidated		
2012		
Carrying amount at 1/07/11	1,933	1,933
Impairment	(1,465)	(1,465)
Amortisation expense (Note 6)	(468)	(468)
Carrying amount at 30/06/12	-	-

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

16. Current liabilities – trade and other payables

	Consolidated	
	2012	2011
	\$	\$
Trade creditors	35,804	204,388
Other payables	24,000	423,932
	59,804	628,320

17. Current liabilities – provisions

	Consolidated	
	2012	2011
	\$	\$
Employee Benefits – long service leave	-	90,008
Provision for rental incentive	-	43,328
Provision for onerous contracts	291,184	-
	291,184	133,336

(a) Movements in provisions

Employee Benefits

	Consolidated	
	2012	2011
	\$	\$
Carrying amount at start of year	90,008	59,595
Reclassification of benefits from non-current (refer note 19)	-	30,413
Net change during period	(90,008)	-
Carrying amount of end of year	-	90,008

Provision for onerous contracts

	Consolidated	
	2012	2011
	\$	\$
Carrying amount at start of year	-	-
Reclassification of provision for make-good from non-current liabilities (refer note 19)	140,000	-
Provision for operating lease payments due	151,184	-
Carrying amount of end of year	291,184	-

Provision for rental incentive:

	Consolidated	
	2012	2011
	\$	\$
Carrying amount at start of year	43,328	31,354
Movement in provision during the year	(43,328)	11,974
Carrying amount of end of year	-	43,328

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	
	2012	2011
	\$	\$
Deferred income	-	333,735

19. Non – current liabilities – provisions

	Consolidated	
	2012	2011
	\$	\$
Employee benefits – long service leave	-	105,155
Provision for make-good	-	140,000
	-	245,155

(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.

	Consolidated	
	2012	2011
	\$	\$
Carrying amount at start of year	105,155	90,391
Net change during period	(105,155)	45,177
Carrying amount at end of year	-	135,568
Transferred to current liabilities	-	(30,413)
	-	105,155

(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	
	2012	2011
	\$	\$
Carrying amount at start of year	140,000	140,000
Transferred from current liabilities	(140,000)	-
Carrying amount at end of year	-	140,000

20. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	2012	2011	2012	2011
			\$	\$
Number of shares				
Ordinary shares	1,022,027,092	1,017,319,518	123,625,663	123,603,163

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.

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(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	\$
01.07.10	Balance as at 30 June 2010		498,516,341		119,958,301
24.12.10	Share issue – non-renounceable rights	(i)	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	(ii)	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	(iii)	11,620,848	0.007	81,346
31.01.11	Share issue – PRSP	(iv)	4,644,090	-	-
	Balance as at 30 June 2011		1,017,319,518		123,603,163
15.07.11	Share issue –to director in lieu of directors fees	(v)	4,707,574	0.005	22,500
	Balance as at 30 June 2012		1,022,027,092		123,625,663

(c) Notes to movements in ordinary share capital

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) The Company issued 4,644,090 shares to employees in satisfaction of performance rights that vested during the period. The performance rights were issued under the Performance Rights Share Plan.
- (v) The Company issued 4,707,574 shares to the chairman in lieu of directors fees 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.

Date	Details	Number of options	Options exercisable at year end
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	-	
	Balance as at 30 June 2012	-	

(ii) Listed options.

Date	Details	Number of options	Options exercisable at year end
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	
	Balance as at 30 June 2012	199,006,544	

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(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	
Rights forfeited during 2012FY	(32,574,836)	
Balance as at 30 June 2012	-	

21. Reserves and accumulated losses

	Consolidated 2012 \$	2011 \$
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(a) Reserves

(i) Foreign currency translation reserve

Opening balance 1 July	(171,015)	(176,100)
Reverse on deregistration/disposal of foreign subsidiaries	179,661	-
Net exchange differences on translation of foreign controlled entity	(8,646)	5,085
Closing balance 30 June	-	(171,015)

(ii) Option reserve

Opening balance 1 July	98,921	98,921
Options expensed/ (reversed)	-	-
Closing balance 30 June	98,921	98,921

(iii) Performance rights reserve

	Consolidated 2012 \$	2011 \$
Opening balance 1 July	3,873,604	3,713,736
Performance rights (forfeited)/expensed	(173,790)	289,388
Transfer to issued capital on issue of shares under PRSP	-	(129,520)
Closing balance 30 June	3,699,814	3,873,604
Total Reserves at balance date	3,798,735	3,801,510

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

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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	
	2012	2011
	\$	\$
(b) Accumulated losses		
Accumulated losses at the beginning of the financial year	(124,642,454)	(120,258,586)
Net loss attributable to members of Tyrian Diagnostics Limited	(1,865,210)	(4,383,868)
Accumulated losses at the end of the financial year	(126,507,664)	(124,642,454)

22. Loss per share

	Consolidated	
	2012	2011
	\$	\$
(a) Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	0.002	0.006
Loss from discontinued operations	0.000	0.000
Total loss per share attributable to the ordinary equity holders of the company	0.002	0.006
(b) Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	0.002	0.006
Loss from discontinued operations	0.000	0.000
Total loss per share attributable to the ordinary equity holders of the company	0.002	0.006
(c) Reconciliations of loss used in calculating loss per share		
<i>Basic loss per share</i>		
Loss from continuing operations	(1,865,387)	(4,365,288)
Loss from discontinued earnings	177	(18,580)
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share	(1,865,210)	(4,383,868)
<i>Diluted loss per share</i>		
Loss from continuing operations	(1,865,387)	(4,365,288)
Loss from discontinued operations	177	(18,580)
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	(1,865,210)	(4,383,868)
(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	1,022,027,092	769,594,006

(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 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.

	2012	2011
	USD	USD
	\$	\$
Trade receivables	-	256,023
Cash at Bank	-	169,562
Trade Payables	-	(174)

At 30 June 2012 there were no derivative instruments outstanding (2011: nil).

Sensitivity

The Australian dollar weakened against the US dollar by approximately 6% during the 2012 financial year (2011: strengthened 28%), with the highest and lowest exchange rates during 2012 being 1.105 and 0.943 respectively. The Group therefore believes +/-10% exchange rate movement to be a reasonable basis for performing exchange rate sensitivity analysis on US dollar cash flows for the 2012 financial year (2011: +/-20%). 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 2012, 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	
	2012	2011
	\$	\$
Weakened 10% / 20%	28,772	120,441
Strengthened 10% / 20%	(28,772)	(80,299)

The Group's post-tax loss and equity were less sensitive to movements in the Australian/US dollar exchange rates in 2012 than in 2011 because the value of assets denominated in US dollars as at 30 June 2012 was less than as at 30 June 2011.

(ii) Price risk

The Group and parent entity were not subject to any material price risk in the 2012 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.

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During 2012 and 2011, 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 2012		30 June 2011	
	Weighted Average Interest Rate %	Balance \$AU	Weighted Average Interest Rate %	Balance \$AU
Cash at bank	3.50	1,072,425	4.89	3,158,142

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 2012 with all other variables held constant, the 2012 post-tax loss would have been \$12,819 lower / \$6,930 higher for the Group (2011: \$28,711 lower/ \$28,711 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	
	2012	2011
	\$	\$
Trade Receivables		
Within credit terms – fully performing	-	255,231
Past due > 3 months	-	2,856
	-	258,087

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.

	Fixed Interest maturing in:			
	1 year or less	Over 1 to 2 years	Non-interest bearing 1 year or less	Total
Group - 2012	\$	\$	\$	\$
Trade & other payables (Note 16)	-	-	59,804	59,804
Guarantees held over lease	-	-	(156,005)	(156,005)
	-	-	(96,201)	(96,201)
Weighted average interest rate	n/a	n/a	n/a	

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	Fixed Interest maturing in:		Non-interest bearing	
<i>Group - 2011</i>	1 year or less	Over 1 to 2 years	1 year or less	Total
	\$	\$	\$	\$
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	

(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.

<i>At 30 June 2011</i>	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing 1 year or less	Total
	\$	\$	\$	\$
Cash (Note 8)	500,000	-	109,004	609,004
Deposits at call (Note 8)	463,421	-	-	463,421
Security deposits (Note 11)	-	156,005	-	156,005
	963,421	156,005	109,004	3,763,871
Weighted average interest rate	3.50%	3.50%	n/a	

<i>At 30 June 2011</i>	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	

The balance of interest bearing security deposits in 2012 and 2011 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 2011 accounts as non-current and in the 2012 accounts as 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	
	2012	2011
	\$	\$
Short-term employee benefits	487,356	1,267,802
Post-employment benefits	94,681	115,403
Termination benefits	732,155	-
Share-based payments	22,500	265,127
	1,336,692	1,648,332

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 8 to 13.

(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.

2012	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	11,072,529	-	-	(11,072,529)	-
<i>Other key management personnel of the Group</i>					
Lisa Jones	3,701,385	-	-	(3,701,385)	-
Robyn Lindner	4,476,660	-	-	(4,476,660)	-
Michelle Gow	4,199,682	-	-	(4,199,682)	-
Michael Vamos	3,068,822	-	-	(3,068,822)	-

There are no outstanding performance rights at 30 June 2012.

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.

(iv) Performance rights issued post 30 June, 2012

Between 1 July 2012 and the date of this report no performance rights were issued to key management personnel.

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(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

	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
2012				
<i>Directors of Tyrian Diagnostics Limited and Controlled Entities</i>				
Jenny Harry ¹	11,063,152	-	-	11,063,152
Roger Amos	3,458,512	-	4,707,574	8,166,086
Merilyn Sleigh	600,000	-	-	600,000
<i>Other key management personnel of the Group</i>				
Lisa Jones ¹	4,500,678	-	-	4,500,678
Robyn Lindner ¹	4,123,915	-	-	4,123,915
Michelle Gow ²	2,881,908	-	-	2,881,908
Michael Vamos ²	1,636,705	-	-	1,636,705
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
Merilyn Sleigh	300,000	-	300,000	600,000
<i>Other key management personnel of the Group</i>				
Lisa Jones	1,929,948	557,696	2,013,034	4,500,678
Robyn Lindner	865,283	712,229	2,546,403	4,123,915
Michelle Gow	-	535,714	2,346,194	2,881,908
Michael Vamos	-	-	1,636,705	1,636,705

¹ "Balance at the end of the year" reflects Jenny Harry, Lisa Jones and Robyn Lindner's shareholding at their date of termination being 24 February 2012.

² "Balance at the end of the year" reflects Michelle Gow and Michael Vamos' shareholding at their date of termination being 24 November 2011.

(vi) Shares issued post 30 June 2012

Between 1 July 2012 and the date of this report, no shares were issued to key management personnel pursuant to the satisfaction of vesting conditions of performance rights.

(c) Other transactions with key management personnel

In the year ended 30 June 2012 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	
	2012	2011
	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit or review of financial reports of the entity or any entity in the Consolidated Entity	46,609	151,276
Total remuneration	46,609	151,276

26. Contingent liabilities

Guarantees

The Consolidated Entity had contingent liabilities at 30 June 2012 and 30 June 2011 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 (2011: \$156,005), and is covered by a security deposit (Note 11) held by the lessors. The Group expects to continue to meet 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

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

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

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	
	2012	2011
	\$	\$
Within one year	151,181	245,838
Later than one year but not later than five years	-	122,919
Commitments not recognised in the financial statements	151,181	368,757

The Group leases premises in Sydney, Australia under a non-cancellable operating lease expiring 31 December 2012. In 2012 the company recognised a provision for all future lease costs.

29. Related parties

(a) Controlling entity

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

(b) 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 2012 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	
			2012 %	2011 %
Proteome Systems Intellectual Property Pty Ltd	Australia	Ordinary	-	100
Proteome Systems Inc	USA	Ordinary	-	100
Eukarion Inc	USA	Ordinary	-	100

As at 30 June 2012 the Company had no investments in controlled entities.

Proteome Systems Intellectual Property Pty Ltd was deregistered on 25 January 2012. Proteome Systems Inc was deregistered on 2 March 2012. Eukarion Inc was sold on 30 May 2012.

31. Employee benefits

	Consolidated	
	2012 Number	2011 Number
Employee benefit and related on-costs liabilities		
Included in trade and other payables – current (Note 16)	-	130,387
Provision for employee benefits – current	-	90,008
Provision for employee benefits – non-current (Note 19)	-	105,155
Aggregate employee benefit and related on-costs liabilities	-	325,550

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	
	2012 \$	2011 \$
Employer Contributions to employee superannuation funds	57,366	318,674

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 2012 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 2011.

(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:

	2012		2011	
	Number of performance rights	Weighted average exercise price \$	Number of performance rights	Weighted average exercise price \$
Balance at beginning of year	32,574,836	Nil	1,370,636	Nil
Granted	-	Nil	39,820,064	Nil
Converted to shares	-	Nil	(4,644,090)	Nil
Forfeited	(32,574,836)	Nil	(3,971,774)	Nil
Balance at end of year	Nil		32,574,836	
Vested at end of year	Nil	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 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				

(ii) Performance rights granted during the reporting period:

The company granted no performance rights during the reporting.

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

No shares were issued in respect of the conversion of performance rights during the year ended 30 June 2012 (2011: 4,644,090).

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

32,574,836 performance rights were forfeited during the year ended 30 June 2012 (2011: 3,971,774) due to the failure of performance or vesting conditions attached to the rights. Expenses previously incurred in relation to these unvested performance rights (\$173,790) were reversed during the year.

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

No performance rights were held by employees as at 30 June 2012.

(vi) Fair value of performance rights

The weighted average fair value of performance rights related to the year ended 30 June 2011 was \$0.006. 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 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	
	2012	2011
	\$	\$
Rights issued under the Plan	-	289,388
Unvested performance rights forfeited	(173,790)	-
Directors fees	22,500	-
	(151,290)	289,388

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

	Consolidated	
	2012	2011
	\$	\$
Loss attributable to members	(1,865,210)	(4,383,868)
Depreciation and amortisation	20,086	151,279
Impairment of PPE & intangibles	119,765	-
Foreign currency translation reserve reversed upon deconsolidation of subsidiaries	171,014	-
Directors fees expense – share based payments	22,500	-
Non-cash employee benefits expense – share-based payments	(173,790)	289,388
Net (gain) loss on sale of non-current assets	(19,021)	305
Net exchange differences	-	65,915
 (Increase) decrease in trade debtors	258,087	198,674
(Increase) decrease in other receivables	186,779	(84,431)
(Increase) decrease in other operating assets	19,170	67,703
(Increase) decrease in prepayments	67,066	(23,873)
Increase (Decrease) in trade & other creditors	(426,630)	194,199
Increase (Decrease) in deferred income	(333,734)	(40,717)
Increase (Decrease) in employee provisions	(325,550)	22,235
Increase (Decrease) in other provisions	107,856	11,974
Net cash outflow from operating activities	(2,171,612)	(3,531,217)

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. The company was deregistered on 2 May 2012.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2012.

	2012	2011
	\$	\$
Operating results		
Revenue and other income	177	-
Operating expenses	-	(18,580)
Operating profit/(loss) before tax	177	(18,580)
Income tax expense	-	-
Operating profit/(loss) after income tax of discontinued operations	177	(18,580)
Provision for closure of operations	-	-
Profit/(Loss) from discontinued operations	177	(18,580)
 Cash Flow		
Net cash inflow (outflow) from ordinary activities	-	(11,873)
Net cash inflow (outflow) from investing activities	-	-
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)

Tyrian Diagnostics Limited and its controlled entities
Notes to the Financial Statements continued
30 June 2012

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities included in the 30 June 2012 consolidated financial statements are as follows:

	2012	2011
	\$	\$
ASSETS		
Total assets	-	-
LIABILITIES		
Current liabilities		
Trade and other payables	-	174
Total current liabilities	-	174
Total liabilities	-	174

35. Parent entity financial information

(a) Summary financial information

	Parent	
	2012	2011
	\$	\$
Balance Sheet		
Current Assets	1,267,722	3,740,035
Total assets	1,267,722	4,102,765
Current liabilities	350,988	1,062,082
Total liabilities	350,988	1,267,354
<i>Shareholders' equity</i>		
Issued capital	123,625,663	123,603,163
Reserves – performance rights	3,699,814	3,873,604
- options reserve	98,921	98,919
Accumulated losses	(126,507,664)	(124,740,276)
	916,734	2,835,410
Loss for the year	1,865,210	4,430,268
Total comprehensive loss	1,865,210	4,430,268

(b) Guarantees entered into by the parent entity

	Parent	
	2012	2011
	\$	\$
Carrying amounts included in current liabilities	156,005	-
	156,005	-
Carrying amounts included in non-current liabilities	-	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 now recognised as current.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011. For information about guarantees given by the parent entity refer Note 35(b) 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 2012 or 30 June 2011.

Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 25 to 61 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 2012 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.

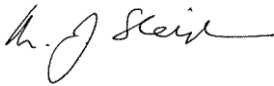
Note 1 (a) confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board,

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
30 August 2012

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 2012, the statement of comprehensive income, statement of changes in equity and cash flows statement 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.

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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 2012 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 8 to 17 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that appears to read 'S. Horlin'.

Susan Horlin

Partner

Sydney

30 August 2012