IATIA
VISION SCIENCES

Appendix 4E

Preliminary Final Report

for the year ended 30 June 2010

Results for announcement to the market

30 June 2010

				Consolidated	
				2010 $	2009 $
Revenue from ordinary activities	Down	58%	to	127,233	300,799
Loss from ordinary activities after tax attributable to members	Up	9%	to	1,240,937	1,135,287
Loss for the period attributable to members	Up	9%	to	1,240,937	1,135,287

Dividends

No dividends were declared during the year ended 30 June 2010.

Audit Status

The audit of the financial report is currently being concluded and the audit report will be issued upon the approval of the financial statements by the directors.

Review of results and operations

30 June 2010

Iatia Limited is pleased to present its Preliminary Final Report for the year ended 30 June 2010.

Iatia Limited incurred a net loss of $1,240,937 for the financial year ended 30 June 2010 (2009: loss of $1,135,287).

Total revenue from operations was $127,233 (2009: $300,799).

The effects of the Global Financial Crisis (GFC), especially in the USA and Europe, had a severe impact on the Iatia Group's operations:

- Despite signing a new licensing agreement with GE Healthcare in May 2009, GE fell well short of its sales targets for the 2009 and 2010 financial years, significantly impacting Iatia's cash flow.
- A major player in the life sciences market and a competitor to GE, with whom Iatia was in the final stages of negotiations for a license agreement, closed down their entire R&D division to reduce costs and the project involving the incorporation of Iatia's technology was postponed indefinitely.
- The ophthalmology manufacturer, with whom Iatia has an agreement to co-develop and release an autorefractor, curtailed further investment in the project due to uncertain market conditions.

- While many potential customers were positive about evaluations of Iatia's technology, general uncertainty in the market resulted in a lack of commercial commitment from industry players and Iatia was unable to sign any further license agreements during the period.
- Uncertainties in the local financial market, along with Iatia's failure to meet key milestones due to the impact of the GFC on its customers, made it difficult for Iatia to raise further funds from the local investment community.

In January 2010 Iatia's Board of Directors formed the opinion that significant uncertainty existed as to Iatia's long term cash flow prospects and by virtue of such uncertainty the market for Iatia's securities on the ASX could not be fully informed.

On 18 January 2010, Iatia Limited sought and was granted a suspension of its securities on the ASX.

Iatia's Board of Directors and executive management then worked to find solutions to Iatia's cash flow issues to ensure maximum value was returned to Iatia's stakeholders while remaining solvent:

- Arrangements were made with outstanding creditors to extend payment terms on outstanding balances prior to 1 January 2010.
- Directors agreed to receive all Directors' fees in shares in Iatia Limited rather than cash.
- Executive management agreed to receive options for shares in Iatia Limited in lieu of all cash salary for the 3 months of January, February and March 2010.
- All non-essential operations and expenditure was ceased to further reduce cash outflow.
- Directors extended unsecured interest free loans to Iatia Limited totalling $102,311.61 during the period from January to May 2010 to provide working capital to maintain a basic level of operations.
- $200,000 was raised via the issue of unsecured convertible notes to a third party bearing a 15% interest rate, repayable entirely in shares in Iatia Limited, to provide additional working capital.

These measures have allowed Iatia valuable time to negotiate the sale of the imaging business and all associated intellectual property to the Thorsol Group for $3.68 million of shares in Thorsol Pty Ltd while leaving Iatia Limited as a listed shell on the ASX.

On 30 July 2010, Iatia's shareholders approved the sale of Iatia Imaging Pty Ltd, the QPI technology and all associated intellectual property to Thorsol Pty Ltd.

The Thorsol Group intends to complete an ASX listing by the end of the 2010 calendar year at which time Iatia Limited's shareholding in Thorsol Pty Ltd will be converted into shares in the listed entity, Thorsol Group Ltd. Iatia Limited intends to distribute these shares in specie to Iatia Limited's shareholders, subject to shareholder approval and satisfying all legal requirements.

Iatia Limited is seeking to acquire another business. This will enable Iatia Limited to request the lifting of its suspension from trading on the ASX and to provide shareholders with an opportunity to realise value in their shareholdings. The timing of this remains uncertain.

The Board considers the total value provided to Iatia shareholders to be acceptable in current market conditions and presents shareholders with the best available option to realise value in their shareholdings.

This has been an extremely difficult period in the Iatia Group's history but as always, the Board of Directors and executive management remain committed to the Company and maximising value to its stakeholders.

Statement of comprehensive income

for the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenue from continuing operations	2	127,233	300,799
Consulting expenses		(198,037)	(190,909)
Depreciation and amortisation expenses	3	(28,059)	(28,235)
Employee benefits expense		(618,594)	(536,167)
Finance costs		(31,828)	(8,229)
Impairment losses	3	(112,885)	(297,356)
Insurance expenses		(50,441)	(58,977)
Occupancy expenses		(52,067)	(50,828)
Patent fees		(29,620)	(31,032)
Professional fees		(115,451)	(132,328)
Share registry expenses		(35,543)	(34,522)
Travel expenses		(85,169)	(72,212)
Other expenses		(45,122)	(81,956)
Loss from continuing operations before income tax benefit		(1,275,583)	(1,221,952)
Income tax benefit		34,646	86,665
Loss for the year		(1,240,937)	(1,135,287)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,240,937)	(1,135,287)
Basic earnings per share (cents per share)		(0.5)	(0.6)
Diluted earnings per share (cents per share)		(0.5)	(0.6)

These financial statements should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2010

	Consolidated 2010 $	Consolidated 2009 $
Current assets		
Cash and cash equivalents	180,550	70,127
Trade and other receivables	-	6,141
Current tax receivable	23,138	85,637
Other current assets	37,609	45,818
Total current assets	241,297	207,723
Non-current assets		
Property, plant and equipment	57,247	73,573
Total non-current assets	57,247	73,573
Total assets	298,544	281,296
Current liabilities		
Trade and other payables	504,209	189,807
Borrowings	218,461	13,857
Provisions	155,929	129,941
Total current liabilities	878,599	333,605
Non-current liabilities		
Borrowings	252,670	229,895
Total non-current liabilities	252,670	229,895
Total liabilities	1,131,269	563,500
Net assets	(832,725)	(282,204)
Equity		
Contributed equity	15,239,836	14,749,420
Reserves	274,606	74,606
Accumulated losses	(16,347,167)	(15,106,230)
Total equity	(832,725)	(282,204)

These financial statements should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2010

	Contributed equity $	Option reserves $	Equity component of convertible notes $	Accumulated losses $	Total $
Consolidated entity					
Balance at 1 July 2008	14,194,289	382,334	-	(13,970,943)	605,680
Transactions with equity holders in their capacity as equity holders					
Issue of share capital	555,131	(444,834)	-	-	110,297
Issue of convertible notes	-	-	74,606	-	74,606
Share based payments	-	62,500	-	-	62,500
	14,749,420	-	74,606	(13,970,943)	853,083
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,135,287)	(1,135,287)
					-
Balance at 30 June 2009	14,749,420	-	74,606	(15,106,230)	(282,204)
Transactions with equity holders in their capacity as equity holders					
Issue of share capital	481,493	-	-	-	481,493
Issue of convertible notes	-	-	200,000	-	200,000
Share based payments	8,923	-	-	-	8,923
	15,239,836	-	274,606	(15,106,230)	408,212
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,240,937)	(1,240,937)
Balance at 30 June 2010	15,239,836	-	274,606	(16,347,167)	(832,725)

These financial statements should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2010

	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities		
Receipts from customers	132,699	951,827
Payments to suppliers and employees	(876,344)	(1,159,512)
Interest received	675	7,979
Tax rebates received	97,145	84,739
Borrowing costs	(3,138)	(5,822)
Net cash flows provided by/(used in) operating activities	(648,963)	(120,789)
Cash flows from investing activities		
Payments for property, plant and equipment	(15,481)	(18,703)
Payments for intangibles	(109,138)	(268,916)
Loans from/(to) subsidiaries	-	-
Net cash flows used in investing activities	(124,619)	(287,619)
Cash flows from financing activities		
Proceeds from issues of ordinary shares	481,493	110,297
Proceeds from borrowings	449,167	351,069
Repayments of borrowings	(46,655)	(60,272)
Net cash flows provided by financing activities	884,005	401,094
Net increase/(decrease) in cash held	110,423	(7,314)
Add opening cash brought forward	70,127	77,441
Closing cash carried forward	180,550	70,127

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2010

1. Basis of preparation of the financial statements

This preliminary final report has been prepared in accordance with ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. The financial statements in this report are "condensed financial statements" as defined in AASB 134: Interim Financial Reporting. It is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Iatia Limited and its controlled entities during the financial year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

This preliminary final report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the preliminary final report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

This preliminary final report does not include full disclosures of the type normally included in the annual financial report.

	Consolidated 2010 $	Consolidated 2009 $
2. Revenue		
Revenue from continuing operations		
Product sales	3,791	15,899
Licence fees	122,767	141,921
Development contracts	-	135,000
Interest - unrelated parties	675	7,979
Total revenue from continuing operations	127,233	300,799
3. Loss for the year		
(a) Loss from ordinary activities is after charging the following expenses:		
Payments under operating leases	41,240	40,428
Consultants - Investor relations	76,005	71,020
Employee benefits expense:		
Share based payments - equity settled compensation of key management personnel	288,510	81,353
Post employment benefits - defined contribution plans	24,426	33,172

	Consolidated 2010 $	Consolidated 2009 $
Depreciation and amortisation expenses		
Depreciation of non-current tangible assets		
Plant and equipment	24,179	24,355
Plant and equipment under lease	3,880	3,880
Total depreciation of non-current assets	28,059	28,235

(b) Loss from ordinary activities is after crediting/charging the following losses:

	2010 $	2009 $
Net foreign exchange losses	1,126	5,490
Impairment loss on plant & equipment	3,748	-
Impairment of intangible assets	109,137	297,356

4. Segment reporting

The Group has one operating business, being the commercialisation of imaging technology. The financial information reviewed by the Chief Executive Officer is only prepared on a consolidated basis and no discrete financial information is available. Hence there are no business segments and no segment information is presented.

	Consolidated 2010 $	Consolidated 2009 $
Entity-wide disclosures		
Revenues from external customers		
QPI Software Development Kit	3,791	15,899
QPI Licence fees	122,767	141,921
R&D services	-	135,000
	126,558	292,820

	Consolidated entity			
	Revenues from external customers		Non-current assets	
	2010 $	2009 $	2010 $	2009 $
Geographical information				
Australia	-	135,000	57,247	73,573
Europe	-	4,776	-	-
United States of America	122,767	146,808	-	-
Asia	3,791	6,236	-	-
	126,558	292,820	57,247	73,573

Major customers

Revenues of $122,767 (2009: $146,808) are derived from a single customer. These revenues amount to more than 10% of the Group's revenue from external customers.

5. Net tangible assets per security

	2010	2009
Net tangible asset backing per ordinary share	(0.3c)	(0.1c)