AGENIX LIMITED

ABN: 58 009 213 754

Financial Report

For the Year Ended 30 June 2010

AGENIX LIMITED

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

TABLE OF CONTENTS

PAGE

EXECUTIVE CHAIRMAN'S REPORT 4

DIRECTORS' REPORT 16

REMUNERATION REPORT (AUDITED) 29

AUDITOR'S INDEPENDENCE DECLARATION 44

STATEMENT OF CORPORATE GOVERNANCE PRACTICES 45

STATEMENT OF COMPREHENSIVE INCOME 59

STATEMENT OF FINANCIAL POSITION 60

STATEMENT OF CHANGES IN EQUITY 61

STATEMENT OF CASH FLOWS 62

NOTES TO THE FINANCIAL STATEMENTS 63

Note 1: Statement of Significant Accounting Policies 63

Note 2: Revenue 74

Note 3: Expenses 75

Note 4: Income Tax Expense 76

Note 5: Discontinued Operations 77

Note 6: Auditors' Remuneration 81

Note 7: Parent Entity Information 81

Note 8: Cash and Cash Equivalents 83

Note 9: Trade and Other Receivables 84

Note 10: Prepayments 84

Note 11: Other Financial Assets 85

Note 12: Controlled Entities 85

Note 13: Property, Plant and Equipment 88

Note 14: Intangible Assets 89

Note 15: Trade and other payables 90

Note 16: Financial Liabilities 90

Note 17: Provisions 91

TABLE OF CONTENTS

PAGE

Note 18: Current Tax Liabilities ... 92
Note 19: Issued Capital ... 92
Note 20: Reserves ... 94
Note 21: Dividends Paid or Proposed ... 94
Note 22: Profit (Loss) per Share ... 94
Note 23: Capital and Leasing Commitments ... 96
Note 24: Contingent Liabilities and Contingent Assets ... 97
Note 25: Segment Reporting ... 98
Note 26: Share-based Payments ... 108
Note 27: Events after the Balance Date ... 110
Note 28: Related Party Transactions ... 111
Note 29: Key Management Personnel Disclosure ... 113
Note 30: Financial Risk Management ... 117
Note 31: Going Concern ... 125
Note 32: Change in Accounting Policy ... 125
Note 33: Company Details ... 125
DIRECTORS' DECLARATION ... 126
INDEPENDENT AUDITORS REPORT ... 127
ADDITIONAL INFORMATION ... 129

AGENIX LIMITED
EXECUTIVE CHAIRMAN'S REPORT
FOR THE YEAR ENDED 30 JUNE 2010

I am pleased to present the 2010 Annual Report to shareholders, my second as Executive Chairman of Agenix Limited.

The transformation of Agenix has gained momentum. The company is executing a strategic agenda that leverages its strong, deep relationships in China. We aim to capture the economic potential of the company's lead diagnostic indicator, ThromboView®, and to develop a pipeline of products for the world's largest Hepatitis B market. Agenix has paid its cost of entry to China and with its culturally Chinese and well connected subsidiary, is shifting, in a controlled fashion, back into an organic expansion mode, funded by its recovered cash flows and equity placements.

Financial Results

For FY2010, the reported profit from operations arose in the period primarily as the result of revaluation previously made in relation to the estimated amount recoverable in China, a net profit of $2.478 Million compared a net loss of $7.954 Million incurred in the prior year. As at the date of this report this Board has overseen an amount of RMB 21.6 million (approximately $AUD 3.6 Million) recovered in China with a further amount of RMB 22.4 Million (approximately $AUD 3.7 Million) due to be recovered.

Capital management

The board continues to cultivate a company-wide culture of performance, accountability and restraint. Weathering this period has also required a close eye on cash-flow, suspending expenditure on all developmental projects including the ThromboView® project, and closing out numerous historical liabilities inherited by this board. While the work is not complete, many of the significant legacy liabilities have been dealt with. The company's balance sheet was reinforced by a focus on the continued recovery of the China investment moneys, and successful completion of a $1 million equity raising in August 2009. The board appreciates the strong support the convertible note-holders gave the company at that time. Your board remains of the view that continued exposure to China will create significant long-term value for shareholders, enhance share value and extract a satisfactory dividend from the sunk cost of market entry.

Governance and risk management

The board continues to strive for a culture based on risk management and good governance. The company's corporate memory and corporate DNA inform an approach of 'trust, but verify' and transparency in everything we do. As touchstones, good governance always takes precedence over collegiality, disclosure means full disclosure and the interests of shareholders always comes first. The board also engages in examining the potential effects on the company's financial condition of plausible changes in risk factors. The board's balance sheet and other forward planning is informed by this type of stress testing of liquidity risk as part of our risk management function.

Pay and performance

The board's approach is to maintain an appropriate balance between the fact that Agenix operates in international markets where it competes for a limited resource of talent, and the restraints of having limited cash resources. Non Executive board members continue to defer remuneration and the fixed remuneration payable to your Executive Chairman is one quarter of the fixed remuneration payable under the previous CEO's contract.

The whole basis of board and senior executive remuneration is designed to achieve clear alignment between total remuneration and delivered business and personal performance, with particular emphasis on shareholder value creation. Our basic approach to remuneration is to pay at the lower level of small-cap listed companies, while providing a competitive mix of incentives to make sure we can attract and retain truly excellent talent.

THE YEAR IN REVIEW

Some of the company's commercial outcomes in the last year include:

- Positioning of Agenix WFOE in China as a niche pharmaceutical operation. This includes the engagement of a very senior Chairman and Legal Representative for Agenix Biopharmaceutical (Shanghai) Mr Tang Wen Sen, engaging a highly accomplished Chinese/Australian General Manager, Mr John Tong, highly capable Chinese key-science and financial personnel and key consultants with strong and deep relationships. The company has been at work on optimising market strategy in China to capture value from the sunk cost of market entry, and to capture market potential in China for ThromboView® and potential pipeline products in the world's largest Hepatitis B market. This work includes the localisation into Mandarin of the Information Memorandum for ThromboView®, business development work and due diligence investigations on potential pipeline products for the Hepatitis B market.

- Completion and audit review of the half-year financial report to 31 December 2008, the audited consolidated financial report for the year ended 30 June 2009, drafting and issue of the Notice of Meeting, Explanatory Memorandum and Independent Expert's Report for the holding of the FY2009 AGM.

- Completion and audit review of the half-year financial report to 31 December 2009 and the audited consolidated financial report for the year ended 30 June 2010. These include a revaluation increment having regard to the successful, ongoing collection of company funds invested in SHRG and YSY. Total payments received now total RMB 21.6 million (approximately AUD$3.6 million) with further payments 22.4 million (approximately AUD$3.7 million remaining to be received by the Agenix WFOE.

- Secured a $5 million equity-drawn down funding facility with investment bank Fortrend Securities Pty Ltd.

- Raising in a period of recessionary market conditions $1 million through the private placement of unlisted convertible notes in August 2009 to existing sophisticated shareholders of the company.

- Restructuring of the organisation including orderly downsizing of the Shanghai office following the deconsolidation of operations from YSY/SHRG, closing down the Singapore office, minimising costs in Australia, closing out further cost commitments in the USA and moving the listed entity's operations, assets and registered address to Melbourne where most of the company's people are now located.

- Devising a manufacturing process that navigates patents registered in the Republic of Korea and developing the export markets for YouHeDing by holding discussions with a number of interested parties throughout Asia.

- Continued development of an Information Memorandum with pegs on the ground on the actual costs and time line for the phase III development of ThromboView® and obtaining in principle FDA approval to the significant change in the design of the phase III clinical study from a "non-inferiority" design where the reference test is CTPA, to one with a composite standard that could give Thromboview® the opportunity to be "superior" to CTPA (the current standard) and potentially be adopted as the gold standard for PE.

- Fine-tuning of the strategy for the divestment of ThromboView® and how to best articulate the business case for the indicator to potential buyers including a review and engagement with key consultants in relation to phase III development options for the indicator, niche unmet medical needs, orphan trial and fast track opportunities in various jurisdictions, paths to market and logistics of Phase III SFDA trials and regulatory approval in China using US FDA Phase II trial data and with regard to our ability to export the data package at the conclusion of such trials.

- Continued prosecution of ThromboView® patent applications in various countries. This month we received a notice of acceptance in the European Union for our patent covering "Humanised antibodies derived from DD-3B6/22, specific for the D-Dimer fragment of Fibrin". This is the latest addition to the company's portfolio of patents in the USA, Australia, New Zealand and Singapore.

- Managing a legal dispute with a Singapore based BVI vehicle backed by Middle Eastern interests, OKS-AGX. On 19 March 2008, the then board of Agenix announced the placement to OKS-AGX of 41,666,666 shares at $0.12 per share to raise $5million before costs and gave two contractual warranties in the subscription deed; one not to commit any more investment as a company to the future development of ThromboView® and the other concerning ownership of the businesses in the PRC by Agenix. While OKS has not threatened or instigated litigation, it has reserved its rights under the second warranty mentioned. Agenix has reviewed the claims and has also reserved its position.

- Continuing the process of working up the company's legal claims as against the advisors, previous auditors and others involved in both the failed acquisition of the two PRC bio-pharmaceutical businesses and the Neil Leggett defalcation.

Disciplined cost containment, a rigorous approach to cash-flow, good people on the ground, a commitment to getting the basics right, investors with a view beyond the immediate-term, and a hard-headed commercial approach have all contributed to the company's survival through these convulsions and the worst financial crisis since the Great Depression. Our focus is on making decisions which position the company for long term success and on competent execution.

Operational focus

Listed on the ASX in October 1987, Agenix is one of the few Australian companies whose development team has taken a monoclonal antibody all the way from bench research, through humanisation procedures, pre-clinical, and first-in-man safety evaluation and on to late-stage Phase II US FDA clinical studies. Its lead product, ThromboView®, is an internally developed, humanised monoclonal antibody based imaging technology that detects live blood clots in the human body. ThromboView® works and has successfully completed two FDA Phase II trials in the USA.

The board's unashamed operational focus is in China where Agenix has a small but talented team working for its wholly owned subsidiary: Agenix Biopharmaceutical (Shanghai) (**the Agenix WFOE**). The Agenix WFOE is presently receiving cash payments and has in-principle, global rights to a development pipeline of anti-viral drug candidates including all rights outside of China for a generic version of adefovir, a hepatitis B drug, marketed in China as YouHeDing (YHD) which obtained approval by China's State Food and Drug Administration (SFDA) in September 2007. The payments are the result of the company's recovery in China of a poorly executed investment made by a previous board.

The current board and management team has demonstrated capacity to understand and deal successfully in China where it has access to a development pipeline of novel generic anti-virals in the anti-Hepatitis B market as well as the strategy, cash and connections to bring a candidate to market. Further, in the period since trading in the company's shares was voluntarily suspended, ThromboView® has now been positioned with the opportunity to become the 'gold standard' for detecting pulmonary embolisms in the human body, in a growing market that is increasingly conscious of new research that has documented an increased risk of cancer from the dominant alternative technology, computed tomography (CT) scans. The company retains a first rate scientific advisory board in the USA and is building two scientific advisory boards in China for each of its two key business units, mAb diagnostics and Hepatitis B.

The strategy for ThromboView® is to package it up for divestment encompassing transfer of a data package and the expertise to take its FDA Phase II trial data through SFDA Phase III trials and regulatory approval in China.

The strategy for the company's Hepatitis B business is to complete due diligence on a promising next-generation drug candidate, complete pre-clinical, CMC and regulatory approval processes, and in that way, not only create significant, long term value for our shareholders but provide a genuine contribution to the chronic problems faced by the world's largest population of Hepatitis B sufferers.

THROMBOVIEW®

The company's lead indicator, ThromboView® uses radiolabelled antibodies which bind to a unique biomarker to locate active blood clots in the body. The company has spent over AUD$37.6 million on developing ThromboView® to date, and has proven it works without significant safety concerns and at much lower radiation dosage levels to the lungs and breasts than its main potential competitor, computed tomography pulmonary angiography (CTPA). Patents have now been awarded in the United States, the European Union, Australia, New Zealand and Singapore.

In 2009, AGX successfully completed FDA Phase II trials for the company's lead indicator, ThromboView®, for two conditions: pulmonary embolism (PE) and deep vein thrombosis (DVT). In the PE trial, ThromboView® achieved its endpoints with a specificity of 91% and a sensitivity of 76% in a cohort of 42 patients for an overall accuracy of 83%, measured against CTPA as the reference. As a result, the US FDA has given in principle approval to a significant change in the design of the Phase III from a "non-inferiority" trial (when compared with the current standard CTPA diagnostic test) to one with a composite reference that could give ThromboView® a chance to be superior to the current standard and potentially be adopted as the gold standard for PE. These successes occurred in the period since trading in the company's shares was voluntarily suspended in August 2008, and are not reflected in the share price.

AGX constantly reviews the path to market for ThromboView®. We are now two years behind the unrealistic milestones promised during the Leggett era and the stuttered development history of ThromboView® has left it exposed to technological advancements in competing fields. It has also not been on a 'level playing field', as competitors such as CTPA, being devices, do not require FDA approval for specific indications and, therefore, are not subject to the lead times of a drug, giving them a head start. Recent data also indicates that most deaths from PE occur within the first 2.5 hours after the diagnosis is made, thereby excluding another group of patients. The business development program for ThromboView® has been allowed to hibernate and minimise costs so that the company can survive the period from which it is now emerging. Steps to reinvigorate this program are underway. The company is presently engaged with interested parties and the focus is on converting interest in ThromboView® into a concluded deal that best serves the company and shareholders.

Agenix has a scientific team of the highest stature and eminence. Led in the US by Principal Investigator, Professor Tim Morris from the University of California San Diego Medical Center, and in Australia, by Dr Mike Gerometta, they are passionate about this technology and remain available to take it forward. The company has also taken steps to put together a scientific advisory board in China in the event that a third party is identified who will take our US FDA Phase II trial data package through a SFDA Phase III trial in

China to regulatory approval and, at the end of that process, furnish the Phase III trial data package in a form useable in jurisdictions outside of China.

The board remains of the view that raising the USD$50 million estimated to be required to complete two full FDA Phase III human clinical trials is unrealistic for the company in its present position. Agenix continues to work with its science team to articulate a suitable path forward for ThromboView® and, for example, is in the process of identifying whether there are any strategic opportunities for a Phase III SFDA trial in China that may radically cut the cost of taking ThromboView® to market. The company has also looked at orphan indications based on the findings of investigators in the Prospective Investigation of Pulmonary Embolism Diagnosis II (PIOPED II) trial published in the June 1, 2006 New England Journal of Medicine which reported weakness in the accuracy of CT angiography for patients with renal failure, patients who are critically ill, in shock or receiving ventilatory support and in pregnant women. Further, diagnosis and management of Upper Extremity (UE) Venous Thrombo-embolism (VTE) has been flagged as an unmet need that may be met by ThromboView® using repeat dosages over a period of time.

Previous management has focussed on imaging programmes only. This narrow approach was not supported by share market performance. As a result, the strategy has been broadened to consideration of therapeutic applications in addition to the imaging program. The recently published results of PIOPED III, which was undertaken to find an alternative to CTPA in those cases (24%) where patients could not undergo CTPA due to radiation or contrast media issues, indicates that although reasonably accurate, MRA is not a viable alternative to CTPA. The fact that this study was undertaken is proof that the health community recognises there is a need for an alternative agent to run alongside CTPA.

One shining, discernable, market feature of ThromboView® that has no competitor, is its proposed ability to discern active from old clot. This functional aspect distinguishes it from all other marketed agents and modalities or any in development, as they all focus on anatomical differentiation. The work being done to articulate a business case for ThromboView®, is critical in the commercialisation process

How ThromboView® works

ThromboView® works by using radio-labeled monoclonal antibodies that lock on to a protein present in active blood clots called fibrin. The ThromboView® antibodies are themselves bound to an imaging agent called technetium, or more specifically, a radioisotope known as technetium-99m. ThromboView® is injected into the body, binds tightly with fibrin and the technetium-99m lights up on a standard imaging camera, indicating the presence and location of any fresh blood clots.

Antibodies are the body's defence mechanism against diseases and viruses. They are generated by the immune system and attach to antigens (foreign substances in the body), resulting in their destruction. Each immune cell produces a slightly different antibody to a slightly different part of the antigen. A monoclonal antibody works in the same manner, targeting and locking on to specific antigen, but a monoclonal antibody is produced by isolating one immune cell from the body and allowing it to multiply in culture. The ThromboView® monoclonal antibody was originally produced in a mouse immune cell but has been modified through modern genetic engineering techniques to remove portions of the antibody which may, in itself, be recognised as foreign to the human immune system. This process if broadly known as 'humanisation'. The specificity of the antibody and the humanisation process, are significant reasons why ThromboView® has an excellent safety profile in clinical trials to date.

Competing technologies

The currently accepted methods for detecting blood clots include ultrasound (often used to detect clotting in the legs), ventilation-perfusion scans (used primarily to detect clotting in the lungs) and computerised tomography or CT Scans (used to detect clots in the lungs) and magnetic resonance imaging (MRI). Often, a series of tests are required for an accurate diagnosis of PE.

ThromboView® and its competing technologies do have strengths and limitations. For example, ultrasound may have difficulty in distinguishing new clots from old clots or scar tissue. ThromboView® detects live clots.

Ultrasound is a non-invasive "sonar" test that uses high-frequency sound waves to check for blood clots in the thigh veins. A wand-shaped device called a transducer is used to direct the sound waves which are then reflected back to the transducer and translated into a moving image by a computer. Ultrasound is problematic when used on certain patients, including those with trauma to the legs or people who are obese.

Ventilation-perfusion (V/Q) scans use small amounts of radioactive material to study airflow (ventilation) and blood flow (perfusion) in the patient's lungs. For the first part of the test, a small amount of radioactive material is inhaled while a camera able to detect radioactive substances takes pictures of the movement of air in the lungs. A small amount of radioactive material is then injected into a vein in the patient's arm, and pictures are taken of blood flow in the lungs. Comparing the results of the two studies helps provide a more accurate diagnosis of PE than does either study alone. In recent years, new radiopharmaceuticals for ventilatory studies have been developed, prominent among which is 99mTc technegas. When used with single-photon emission computed tomography (SPECT) V/Q imaging, this technology has improved accuracy over planar V/Q but does not distinguish old from new clots.

MRI does not have the attendant radiation but is very expensive. MRI scans use radio waves and a powerful magnetic field to produce detailed images of internal structures. Because MRI is expensive, it is usually reserved for pregnant women and people whose kidneys may be harmed by dyes used in other tests.

D-dimer blood tests check the blood for elevated levels of the platform antibody used in ThromboView**®**, levels which may suggest an increased likelihood of blood clots. However, D-dimer levels may be elevated by other factors, including recent surgery and, unlike ThromboView**®**, provides no accurate location data of any clots. This test tends to be used to rule out PE and cannot accurately detect and locate clots in the human body.

CT is the most widely used competitor diagnostic technology faced by ThromboView® and is becoming an increasingly popular method of clot detection. However, the extremely high radiation dose received when a patient has a CT scan gives ThromboView® a clear advantage over CT. This perceived advantage is underscored by recent press coverage of comments by Australia's Medicare watchdog the Professional Services Review (PSR), and the Royal Australian and New Zealand College of Radiology (RANZCR), concerned by the increasing exposure of the community to ionising radiation from unnecessary CT scans. In an expert opinion included in the PSR report, Perth consultant radiologist Richard Mendelson said a single abdominal CT scan emitted so much radiation it was estimated it would cause a cancer in one in every 1000 patients. According to RANZCR, 400 cancer cases a year in Australia can be attributed to medical radiology. In another recent report, Professor John De Campo of Bond University warned that the risk of a single CT scan triggering a fatal cancer is 70 times greater than the chance of dying from a general anaesthetic. Increased awareness of this risk may result in a flight to alternative technologies such as ThromboView®.

Pulmonary Angiogram (the 'PA' in CTPA) is a test that provides a clear picture of the blood flow in the arteries of the lungs, but in clinical practice is rarely used with CT. It is an accurate way to diagnose PE, but because it requires a high degree of skill to administer and carries potentially serious risks, it's usually performed when other tests fail to provide a definitive diagnosis. It also has the advantage of being able to measure the pressure in the right side of the heart. It would be unusual to have normal readings in the presence of PE. A pulmonary angiogram requires insertion of a catheter (flexible tube) into a large vein — usually in the groin — and threaded through the patient's heart into the pulmonary arteries. A special dye is then injected into the catheter, and X-ray or CT is taken as the dye travels along the arteries in the patient's lungs. A risk of this procedure is a temporary change in the patient's heart rhythm. In addition, the dye may cause kidney damage in people with decreased kidney function. Because this procedure is so rarely used in clinical practice, the FDA feedback following the ThromboView® Phase II PE trial allowed for 'composite' Phase III trial design rather than direct comparison with CTPA, allowing ThromboView® the opportunity to potentially become the 'gold' standard of PE diagnostic tests.

The market opportunity

Recent data suggests that the incidence in China of Venous Thromboembolism (VTE), that is, PE and DVT, is similar to that reported in western countries. Historical company research indicates a potential global market of 9 million imaging tests for PE and DVT. According to this research, in the US market there are 2.3 million PE tests and 3.8 million DVT tests performed and in the biggest 5 EU markets there are 1.0 million PE tests and 1.7 million DVT tests. In all markets, around 70% of PE tests use CT and around 90% of DVT tests use Ultrasound. Growth rates (CAGR) vary by market and test: 1% to 8% for PE, 0% to 5% for DVT. Research published in July 2010 indicates, based on data from 2006, that in the USA 467,000 patients were hospitalized with DVT, which represented 1.5% of hospitalized patients and 208 per 100,000 adult population — a further 247,000 adults — were hospitalized in short-stay hospitals in the USA with acute PE that year. These figures indicate a modest ratio of 10 patients tested per diagnosis. The market is growing as population ages. It is expected that ThromboView® can achieve high projected penetration rates in several key niches. There is currently no single approved test available to definitively identify and locate DVT and PE. ThromboView® is potentially such a test.

A national project of multicenter studies on VTE carried out since 2002 by the China Venous Thromboembolism Study Group suggests that VTE is a common problem in modern China with little standardisation of medical imaging diagnosis. There lays the opportunity.

Although other imaging modalities such as ultrasound and CT are expected to continue to be the primary methods of detection of DVT and PE in many patients, and SPECT V/Q with technegas is highly competitive, there is scope for an agent with the characteristics of ThromboView® to accurately diagnose and locate blood clots in patients where current technologies are either inadequate, inappropriate or expose the patient to unnecessarily high ionising radiation or adverse effects such as allergy and nephrotoxicity associated with contrast imaging agents. Of the niche indications for which ThromboView® has been reviewed recently, those for cancer-related upper extremity deep vein thrombosis (UEDVT) and central venous catheter (CVC)-related deep vein thrombosis (DVT) appear to offer the best fit. In fact, a combination of the two indications, CVC-related UEDVT in cancer patients, offers a very good fit. Ultrasonography has limited sensitivity where the subclavian vein is concerned and little, if any, sensitivity where the brachiocephalic vein and superior vena cava are concerned. Typically, these patients are at a high risk of recurring VTE and require ways of checking that their anti-coagulant therapies are working. The short-comings of existing tests, the extra information provided by ThromboView® relative to the current frontline test ultrasonography and the possibility of using ThromboView® for repeat testing all seemingly give it a good chance of success in this market.

AGENIX IN CHINA

The Agenix of 2010 has the management skills and relationships to do business in China effectively that the Agenix of 2007 did not. Presently, the company's wholly foreign owned subsidiary in China, Agenix Biopharmaceutical (Shanghai) Co Ltd (ABS) is receiving repayments of part of the cash consideration of around AUD$7.5M (at current exchange rates) invested by a previous board in two Shanghai based businesses. Some background is required to put this achievement in context, and also demonstrates why the present corporate DNA of Agenix will allow it to continue to do business in China effectively.

In April 2007, the then board of Agenix established ABS with the intention to acquire the businesses of two private companies in Shanghai: one a bio-pharmaceutical development company (SHRG) and the other a pharmaceutical manufacturing company (YSY). The investment was ownership of an anti-hepatitis B virus drug (generic adefovir), marketed in China as YouHeDing, that successfully completed its SFDA registration and received regulatory approval in October 2007, together with a pipeline of other generic anti-viral drugs targeting hepatitis-B (new generation adefovir and generic tenofovir), HIV/AIDS (an integrase inhibitor), colon cancer and liver cancer (both generic capecitobine).

In July 2008 a dispute arose with YSY and SHRG, as a result of failure to transfer certain shares in those businesses to ABS. However, because the former CEO Neil Leggett had stolen millions from the company, Agenix was in no position to embark on protracted, and inherently uncertain, litigation in China. It is also a feature of litigation in China that, in addition to lawyer's fees and court costs, approximately one third of a claim must be paid into court before the litigation can begin. On a claim of RMB44M (around AUD 8M) this held few attractions at that time.

By the end of 2008 the new board had conditionally resolved the dispute and in early 2009 a binding Final Settlement Deed was executed by those involved. The Chinese parties failed to make the final payments due under the Deed and in April 2009, further negotiations resulted in agreement in principal to a Deed of Variation to the Final Settlement Deed being entered into that aimed at ensuring the continued flow of payments to Agenix from the Chinese parties, without resorting to legal enforcement proceedings.

RMB 21.6 million (approximately AUD $3.6 Million) has been collected to date. The company has reserved its rights to return to and enforce the original transaction documents if payments cease.

YouHeDing

As part of the settlement, Agenix obtained the global (excluding mainland PRC) rights to YouHeDing. YouHeDing was developed at the Pharmacy College of Shanghai 2nd Military Medical University. The drug targets chronic hepatitis B and is an Adefovir dipivoxil–based drug. This is the same base compound as used in GlaxoSmithKline's (GSK's) well regarded hepatitis drug Hepsera. YouHeDing uses a slightly different, individually patentable production process, which results in a more streamlined manufacturing in comparison to the Hepsera method (that is, YouHeDing is a five-step process, whereas Hepsera is a seven-step process). The drug works by blocking the virus' ability to replicate, thereby significantly lowering the level of virus present in the bloodstream. This results in a much improved quality of life for chronic sufferers. In order to add credibility to the YouHeDing clinical trial results, the company elected to employ the same chief investigator who conducted GSK's Chinese trials of Hepsera, demonstrating that YouHeDing can withstand the same rigorous trial criteria as the higher profile GSK drug. Agenix has examined GSK's patent portfolio and there is the potential to gain approval and develop markets for YouHeDing in other developing countries in the region, including Vietnam, South Korea and Indonesia.

Its competitors include Hepsera and Heptodin (GSK), Baraclude (Bristol Myers Squibb), Pegintron (Schering-Plough) and Sebivo (Idenix). Despite availability of these drugs, chronic hepatitis B remains a major problem throughout Asia.

Pipeline Products

As part of the settlement, Agenix obtained the 'in-principle' global (including PRC) rights to a pipeline of novel generic drugs. Agenix has obtained an independent expert report which puts the value of the pipeline products at AUD$16 million with a time to market of approximately six years after full development in China. There are two standouts in the pipeline: generic tenofovir and new generation adefovir, but there is a need for substantial investment to realise their value. To fund the pre-clinical development and the chemical, manufacture and control (CMC) processes prior to the clinical development phase would be about AUD$2.5M. Clinical development would require another AUD$15M. If this opportunity were to be pursued, Agenix is likely to seek a strategic partner to co-manage the clinical development and commercialise the products in China under licence.

The market for hepatitis B drugs in China is significant with an estimated 100M people infected with the disease.

THEFT OF $5.5M FROM AGENIX BY FORMER CEO, NEIL IAN LEGGETT

The details of this unfortunate chapter are well documented in last year's Annual Report and the relevant ASX announcements, but a number of points deserve mention. The period marked the conviction in the Brisbane District Court (on 18 February 2010) of a former CEO, Neil Ian Leggett on one count of fraud with circumstances of aggravation for stealing a gross amount of $5.5 million from Agenix between 2006 and 2008. He was sentenced to nine years' jail with a minimum parole period of three years. Relevantly:

- the current board identified the defalcation and commenced a civil action by Agenix in the Victorian Supreme Court against Neil Leggett, his wife and a controlled company and, pursuant to that proceeding, the assets of the former CEO, his wife and the controlled company were frozen;
- Mr Leggett and his wife entered into voluntarily bankruptcy on 11 September 2008 and they voluntarily appointed liquidators over companies under their control;
- the Trustee in Bankruptcy pursued repayment of funds from the trustee of their superannuation fund in the Federal Magistrates Court, but has now advised that it is unlikely that a distribution will be made to Agenix. This has been disclosed under Note 24: Contingent Liabilities and Contingent Assets in the 2010 Annual Report; and
- Agenix recouped $520,000 under an insurance policy in respect of the actions of Mr Leggett.

CAPITAL RAISING

As is common with biotechnology and life sciences companies still developing their pipeline of products, the ability of Agenix to continue to fund normal operations is dependent upon the company's ability to raise capital on an ongoing basis. Subject to lifting by the ASX of the voluntary suspension from trading of the company's shares, Agenix has now secured a $5 million equity-drawn down funding facility with investment bank Fortrend Securities Pty Ltd (**Fortrend**), which involves Agenix placing shares with Fortrend over the next three years. It is also a condition of the facility that Agenix will issue a Prospectus and is obliged to make four draw downs in the first 12 months, but is otherwise under no obligation to issue shares.

There is no doubt that the Fortrend facility may act as a credit enhancer but to avoid paying interest on loans, to make the most of the sunk costs of issuing a Prospectus, to address the issue of dilution of existing shareholders and where there is still some inherent collection and external risk factors surrounding our major source of planned capital from SHRG, once trading in the company's shares recommences on the ASX, a further capital raising in the form of a rights issue would enable the company to use all means possible to drive the strategic objectives of the company from a position of stability and strength.

Last year, Agenix had discussions with a number of institutions interested in investing in a life-sciences company with the ability to research, develop, manufacture and distribute a range of pharmaceutical products to a worldwide market. At the time, these potential investors were dissuaded by the fact that the shares were not able to be immediately traded if desired. Therefore, the company made a private placement of convertible notes to sophisticated private investors. These convertible note holders cannot sell their shares to a retail investor prior to 12 months and 5 days of continuous trading unless a Prospectus is available. If a convertible note holder sells their shares, this may breach the on-sale provisions in section 707(3) of the Corporations Act, and be subject to civil and criminal sanctions.

The Company is therefore preparing the Prospectus for that purpose too, so that, once trading resumes, it will deal with any issues flowing from the voluntary suspension of trading in the shares on the ASX so that there is no prejudice to the convertible note holders.

The Prospectus will allow for working capital so that the company can execute on its strategy without depending on parties over whom we have no direct control. Part of the cash raised will be used to develop a product pipeline for the chronic Hepatitis B market in China, to move the company forward into a more secure position, improve your share value and secure the future of Agenix.

THE YEAR AHEAD

Some of the company's commercial aims in year ahead include:

- Reinstatement of trading in the company's shares on the ASX in the third quarter of 2010. The Board anticipates that lodgement of the audited financial reports for the year ended 30 June 2010 (in addition to the audited financial reports for the year ended 30 June 2009 and half-year ended 31 December 2009 already lodged), holding of the FY2009 annual general meeting and a demonstrated adherence to ASX Listing Rules will enable the company to resume trading. The Company is now aware of the conditions attached by the ASX to achieve reinstatement and is confident that it can meet these conditions.

- Issuing a Prospectus designed to do three things. First, will seek to raise capital by way of a rights issue to enable the company to go forth from a position of stability and strength to develop a product pipeline for the chronic Hepatitis B market in China. Second, it will allow the company to access its $5 million equity-drawn down funding facility with investment bank Fortrend Securities Pty Ltd.

Finally, it will allow our convertible note holders to trade their shares without breaching the on-sale provisions of the Corporations Act.

- Reinvigorated focus on ThromboView® business development. Divestment or partnering in order to actualise SFDA phase III trials of ThromboView® is a priority including review of market opportunities and identifying and communicating with congruent businesses interested in a buy-in or buy-out. Orphan and fast-track phase III trial design options are also under development with the aim to reduce trial costs and time to market and clearly articulate the opportunity.

- Continue to prosecute ThromboView® patent applications in various countries and review patent portfolio strategy.

- Chinese business operations to include ongoing attention to the company's strong and deep relationships in China, to recovery of the SHRG/YSY investment funds, developing the pipeline products opportunity and export markets for YouHeDing throughout Asia, and to other business development opportunities.

- Continued restructuring of the organisation including winding-up various legal entities that are no longer used and cost minimisation across the group.

- Developing a strategy to leverage the company's existing skills and infrastructure in monoclonal antibody development to develop a broad pipeline of antibody-based therapeutic or imaging products, including consideration of therapeutic applications or therapeutic twinning opportunities for ThromboView® in addition to the diagnostic imaging program.

- Continue to work up the company's legal claims as against the advisors, auditors and others involved in both the failed acquisition of the two PRC bio-pharmaceutical businesses and the Neil Leggett defalcation.

- Strengthen the company's balance sheet by focussing on its cash position, the recoveries in China, and investor relations programmes.

Human assets

The significant transformation of Agenix is underwritten by people with deep knowledge of the spaces in which the company operates. On 11 August 2010, Dr Andy Gearing of Biocomm² was appointed an advisor on biotechnology commercialisation issues. Andy has an extensive track record in biotechnology and has completed 15 international licensing deals worth over $200 million. I welcome Andy to Agenix. He will make a great contribution to our company.

Dr. Mike Gerometta remains a valued adviser to the board and an intrinsic part of the corporate DNA and corporate memory of Agenix. I also thank my fellow board members for their support, advice and hard work. Our focus is on making decisions which position the company for long term success and on competent execution. I thank too Gary Taylor who remains instrumental in putting together the Company's accounts. Thank you Gary.

Another vital contributor, John Tong, retired from the position of Financial Controller and was appointed General Manager of ABS in Shanghai in October 2009, where he now resides. Guided by the very experienced Mr Tang Wen Sen, John and his team in China are responsible for a valuable contribution to our company.

There are a number of people in Brisbane and the United States who are no longer with the company but whom remain a helpful resource to the board when called upon. I make particular mention of Professor Tim Morris in the USA. I also make mention of Nerina Lobartolo in Brisbane. Thank you Nerina. Thank you Tim.

Appointments in the period: I was appointed Executive Chairman in January 2010. In October 2009, Graeme Tyshing from William Buck Melbourne was appointed CFO. Thank you Graeme. I thank too our Company Secretary, Jeffrey Luckins.

Most importantly I would also like to thank all of our shareholders. With your support, your board aims to complete the transformation of this company so that it is positioned to capture business opportunities and drive growth in 2010 and beyond.

Nick Weston

Nicholas Weston
Executive Chairman

30 August 2010

Your Directors present their Report on Agenix Limited and its controlled entities (hereafter referred to as the Consolidated Entity or Group) for the financial year ended 30 June 2010.

DIRECTORS

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

Mr Nicholas Weston LL.B, B. Ec.

Chairman. Appointed 22 August 2008. Executive Chairman from 4 January 2010.

Nick Weston is the principal of Nicholas Weston Lawyers. He has strong experience in several practice areas with a focus on commercial law, contracts and litigation in technology sectors and businesses that rely on technology. Nick Weston is also a registered Trade Marks Attorney. He holds degrees in law and economics.

Mr Weston is a member of the World Intellectual Property Organization's (WIPO) Arbitration and Mediation Center's List of Arbitrators and Mediators and also the Center's Domain Name Panel. He is a member of the Australia China Business Council and also serves as Chairman of charitable foundation, Karma Currency.

Before forming Nicholas Weston, Nick worked progressively as a solicitor, trade marks attorney and partner at another Collins Street, Melbourne commercial law firm.

Mr Anthony Lee Vui Han (Lee) ***BEcon.***

Non-executive Director. Appointed 27 August 2007.

Mr Lee has a Bachelor of Economics Degree with a Major in Banking & Finance.

Mr Lee has in excess of 15 years international business experience and has been actively involved in business development/marketing, quality control and cost management.

Mr Lee is also involved in project management and is responsible for the management, business development, cost control, and growth of Malaysian companies such as UF Engineers Sdn BHD, a Company involved in major public utilities infrastructure such as highways, Onika Quarry Sdn BHD, a Company operating quarries in Tawau and Semporna and Leeka Holdings Sdn. Bhd, a Company involved with palm oil plantations.

Mr Lee currently holds Directorships in the aforementioned companies.

Mr Christopher McNamara ***B.Bus (Acc.),CA***

Non-executive Director. Appointed 21 February 2008.

Chris McNamara, based in Melbourne, Australia, is a chartered accountant with extensive experience with business operations in Asia, and with management of property and equity investment portfolios.

Former Directors

The following persons were also Directors of the Company during the financial year:

	Date Appointed	Date Resigned
Dr Stephen Phua	3 January 2008	4 January 2010
Mr Jonathon Zhang	27 August 2007	30 October 2009

Dr Stephen Phua MBBS, MFPM

Chief Executive Officer and Managing Director. Appointed 3 January 2008. Resigned 4 January 2010.

Dr Phua received his medical degree from the University of Singapore, is a member of several professional associations, including the Faculty of Pharmaceutical Medicine of the Royal College of Physicians. He also has served on the advisory board of the Bioinformatics Centre in Singapore. Dr Phua is a member of the Business Angel Networks of Southeast Asia, was on the board of Apex, a Taiwan-based clinical research organization. He did his executive training at INSEAD, Fountainbleau.

Previously, as President and General Manager of Asia Pacific, Dr Phua was responsible for IMS Health (NYSE: RX) operations in 17 countries Asia Pacific. IMS is the world's leading provider of information solutions to the pharmaceutical and healthcare industries. Dr Phua has more than 17 years' experience in the pharmaceutical industry.

Before joining IMS, Dr Phua was group general manager of Parkway, a public company listed on the Singapore Stock Exchange that owns and operates 12 hospitals in Southeast Asia. Prior to that, he was vice president and managing director for clinical services at Covance Asia Pacific, one of the largest contract research organisations (CRO) in the world.

From 1987 to 1999, Dr Phua held various medical and business development positions with Wellcome Pharmaceuticals, including regional medical director for Southeast Asia and general manager for Wellcome's Singapore and Korea operations. Dr Phua also served as Oncology business director for Rhone-Poulenc Rorer in Asia Pacific, where he orchestrated the launch of two major anti-cancer agents and managed the start-up of an Oncology business unit in Japan.

Dr Phua is a well sought after speaker in the healthcare industry; His main interests are in healthcare reforms in Asia and access of premium innovative products to the poor in Asia.

Dr Phua' contract was due to expire in January 2010. The Board had determined for organisational reasons that the contract would not be extended and his resignation was accepted on 4 January 2010. The Board would like to thank Dr Phua for his contribution is what has been a difficult period for the Company.

Mr Zheng (Jonathan) Zhang *B.Sc*

Executive Director. Appointed Director 27 August 2007.Resigned 30 October 2009.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Mr Jeffrey Luckins B. Bus (Acc) CPA FCIS

Appointed 29 May 2008.

Mr Luckins is a Director of William Buck (Vic) with expertise in corporate governance, risk analysis, external financial reporting and auditing. Mr Luckins is a Fellow of Chartered Secretaries Australia, a Certified Practising Accountant and a Registered Company Auditor.

CHIEF FINANCIAL OFFICER

The following person held the position of Chief Financial Offer during the financial year:

Mr Graeme Tyshing B. Bus (Acc) ACA

Appointed 4 October 2009.

Mr Tyshing is a Director of William Buck (Vic) with expertise in a range of consulting services including valuations, mergers and acquisitions, due diligence work, banking and finance submissions, board advisory roles and general consulting.

Mr Tyshing is an associate of the Institute of Chartered Accountants in Australia.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this Report the interests of the Directors in the shares and options of the Company are:

	Listed securities		Non-Listed Securities	
Director	Ordinary Shares	Options	Ordinary Shares subject to Escrow	Options
N Weston	3,950,444	-	-	10,000,000
A. Lee	4,375,000	291,666	-	-
C. McNamara (i)	1,962,500	8,333	-	-

(i) Held jointly with Diana Mary McNamara

DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed by the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were:

- Continued negotiation and recovery of funds from China in respect of the 2007 failed acquisition of Shanghai Rui Guang Bio-Pharma Development Co Limited (SHRG) and Shanghai Yi Sheng Yuan Pharmaceutical Co. Ltd (YSY).
- Maintenance of the ThromboView® project, a product in development related to the detection of blood clots.
- Development of the operations in China in respect of expanding a pipeline of anti-viral drugs for international distribution.

There were no significant changes in the nature of principal activities during the year.

OPERATIONAL AND FINANCIAL REVIEW

(a.) Significant changes to Presentation

As a result of changes to the Corporations Act and Accounting Standards arising from the improvement project of the Corporate Reporting Framework entities no longer have to provide detailed information regarding the Parent Entity in the Financial Statements other than by way of Note to the Financial Statements. This change was introduced as it was determined that the disclosure of Parent Company information added no substantial benefit to end users and the removal of that requirement under the Corporations Act would provide significant cost savings. In order to save costs the Board has adopted this approach.

(b.) Operational Highlights

The main operational highlights during the year were:

i. Continuation of cost saving measures including reduction in fees paid or payable to the Board.
ii. Extensive negotiations and recovery efforts to maximise the return from the Chinese vendors of SHRG and YSY.
iii. On 4 October 2009, Agenix announced the appointment of Mr Graeme Tyshing to the role of Chief Financial Officer of the Company. Graeme is a Chartered Accountant and a Director of William Buck in Melbourne where he is the head of their Corporate Advisory division.
iv. On 15 October 2009, Mr John Tong was appointed as General Manager of Agenix Shanghai operations for a term of one year.

(c.) Leggett Defalcation

Defalcation by Mr Neil Leggett:

Mr Leggett was sentenced in the District Court of Queensland on 18 February 2010 for fraud with aggravation for a term of nine years, with eligibility of parole after 3 years. Mr Neil Leggett and his wife were voluntarily bankrupted on 11 September 2008 and liquidators have been appointed over companies which were under their control. The Trustee in Bankruptcy and the companies' liquidators have advised that it is unlikely that there will be any material recovery from their administrations. No provision for recovery has been made in the financial statements as the quantum, if any cannot be determined at this time.

(d.) Human Resources

The contract of the CEO, Dr Stephen Phua, expired in January 2010. The contract was mutually terminated early by both parties on 4 January 2010. Dr Phua resigned as a Director effective that date. The Board takes the opportunity to thank Dr Phua for his contribution, during which can only be described as a difficult period in the Company's history. On the same date Nick Weston was appointed Executive Chairman assuming the roles previously undertaken by Dr Phua.

Mr John Tong was appointed General Manager of Agenix Shanghai operations for a period of one year commencing 15 October 2009. Mr Tong's primary duties are to assist in the recovery of funds from the failed acquisition and position and investigate market opportunities in the Asia region.

(e.) Financial Result

The profit (loss) after tax for the year was $2,478,187 (2009: Loss $7,954,336)

The major contributors to the profit this year were:

	2010 **$**	**2009** **$**
Revenue	6,185	179,945
Raw materials and consumables used	-	(169,861)
Other Income	46,852	2,475,015
Corporate redundancies & termination payments	-	(158,315)
Depreciation and amortisation expense	(16,135)	(53,160)
Employee benefit expense	(683,956)	(1,437,395)
Finance costs	(105,237)	(167,785)
Foreign currency translation differences	(149,619)	(126,453)
Gain/(Loss) on disposal of business unit	-	3,322,398
Revaluation decrement of financial assets	-	(7,673,392)
Occupancy and administrative expenses	(1,064,849)	(1,610,126)
Discontinued operations	-	(934,822)
Research & development expenses	(141,071)	(1,267,281)
Share based payment expense	(10,517)	(113,494)
Surplus lease space	-	(217,381)
Revaluation increment of financial assets	4,597,065	-
Profit (Loss) before Income Tax	2,478,718	(7,952,107)
Income Tax Expense	(531)	(2,229)
Profit (Loss) for the year	2,478,187	(7,954,336)

Discussion on Financial Performance

The Consolidated Group recorded a profit of $2,478,187 primarily as a result of the revaluation increment in respect of the ill executed China acquisition inherited by the current Board. This revaluation amounted to $4,597,065. Salaries and administrative overheads have been significantly reduced from levels inherited from the previous Board. Details of remuneration savings can be found in the Remuneration Report. Cash Flow continued to be impacted by the legacy of debts and lease of the previous head office, again inherited from the previous Board, for which the Group had to meet its obligations. Research and Development on the ThromboView® project have been reduced to the barest minimum in order to ensure that the values of the prior years' investments are retained.

(f.) Revenue

	2010 $	2009 $
Sales		
Clinical trial revenue	6,185	179,945
Total Revenue	6,185	179,945

Total revenue is disclosed in the attached financial report as:

	2010 $	2009 $
Continuing operations	6,185	179,945
Discontinued operations	-	-
	6,185	179,945

(g.) Expenditure

Research and Development

	2010 $	2009 $
Continuing operations		
ThromboView® project	141,071	1,263,189
Other	-	4,092
Total research and development	141,071	1,267,281

Employee Expenses

	2010 $	2009 $
Continuing operations		
Employee benefits (including on costs)	683,956	1,238,825
Share based payments	10,517	113,494
Corporate restructure – redundancies	-	158,315
	694,473	1,510,634
Discontinued operations		
Salaries and wages (including on costs)	-	198,570
Corporate restructure – redundancies	-	-
	-	198,570
Total employee expenses	694,473	1,709,204

Number of Employees as at 30 June 2010 was 4 compared to 8 as at 30 June 2009.

(h.) Capital Raising

Convertible Note Placement Announced 10 August 2009

On 10 August 2009 the Company announced the issue of $1 Million convertible notes to two existing sophisticated shareholders each providing $500,000. The Notes carried an interest rate of 10% per annum payable quarterly in arrears on upon maturity and conversion. Maturity date was 23 July 2010. The Note terms were subsequently extended to 3 September 2010 to enable approval be sought at the 2009 Annual General Meeting held on 27 August 2010 in respect of Annmac Investments Pty Limited (Annmac) Notes. Annmac is a substantial shareholder and holds Notes to the value of $500,000. Mr Tang Wen Sen (Tang) subscribed to Notes to the value of $400,000 and subsequently advised that the balance of the proposed placement of $100,000 would not occur. The Tang Notes had an original maturity date of 23 July 2010 which was extended to 3 September 2010 in line with the Annmac Notes. Subsequently these Notes were further extended to mature on 31 December 2010. The Company invited High Tech Computers Pty Limited (HTC), an entity associated with Mr John Tong to substitute for the shortfall of $100,000. The Notes to HTC were issued on the same terms and conditions as the Annmac Notes except that the maturity date for these Notes is 31 December 2010.

The principal will convert into shares at $0.005 cents per share at the discretion of the Noteholder.

Subscription of the Notes occurred in several tranches which was determined in accordance with working capital requirements.

Approval was granted for the $500,000 worth of Notes together with accrued interest held by Mr Tang Wen Sen to be converted into shares by shareholders on 30 October 2009. On 10 August 2010, $100,000 worth of Notes were converted to 20,000,000 Ordinary Shares. Subsequently on 23 August 2010 a further $100,000 worth of Notes were converted to a further 20,000,000 Ordinary Shares. Approval for the conversion of the Annmac and HTC notes to the value of $600,000 was granted at the 2009 Annual General Meeting held on 27 August 2010. HTC Notes totalling $100,000 were converted into 20,000,000 Ordinary Shares immediately following approval.

Accrued Interest on the Notes is payable in cash.

Fortrend Funding Facility

On 25 March 2010, Agenix announced that it had secured a $5 million equity-drawn down funding facility with investment bank Fortrend Securities Pty Ltd, which involves the Company placing shares with Fortrend over the next three years. Approval of the Fortrend Agreement was granted by Shareholders at the Annual General Meeting held on 27 August 2010.

Fortrend has agreed to provide up to $5 million to the Company, to be drawn down, at any time over the next three years, at the discretion of the Company, by the issue of new shares to Fortrend, subject to the lifting of voluntary suspension from trading of its shares on the ASX. The Company has agreed to issue a prospectus and is obliged to make four draw downs in the first 12 months should voluntary suspension from trading of its shares on the ASX be lifted, but is otherwise under no obligation to issue shares.

Under the agreement, the Company can issue new ordinary shares at a 10 percent discount to the prevailing market price calculated over the 5 trading day period following a drawdown notice, with the maximum amount of each drawdown being a function of the recent trading volume at that time. In addition Fortrend will receive one option for every four shares issued. The strike price of the option will be the issue price of the shares to Fortrend.

Business Dynamics

With declines in global markets, life sciences stocks were impacted quite significantly due to their high risk nature. The impact of the Global Financial Crisis which when coupled with the fact that the Shares of Agenix are under voluntary suspension resulted in the ability to raise capital to be severely restricted. In addition, the economic climate affected the ability to find suitable partners for Phase III of the ThromboView® project without substantial reduction in value to shareholders. The directors considered that it was prudent to defer the potential disposal or partnering arrangement in respect of ThromboView® until economic conditions improved.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Recovery from China

Following the ill-executed acquisition, by the previous board and its CEO Neill Leggett, of two companies in China, the current Board had entered into an agreement and subsequent variations to the agreement to divest itself of the Chinese business units of SHRG and YSY back to the original vendors. Whilst the final binding agreement was not signed by all parties SHRG and YSY continue to make repayments as envisaged by the final agreement. As at the date of this report an amount of RMB 21.6 million (approximately $AUD 3.6 Million) has been recovered and a further amount of RMB 22.4 Million (approximately $AUD 3.7 Million) is due to be recovered.

Potential Recovery

The Company is continuing recovery efforts in respect of the ill-executed acquisitions in China. The Board is cognisant of the actions of the previous Board and advisors in respect of the matter. The Board considers it prudent to concentrate on recovery of funds prior to actioning any legal claims. Any potential future claims concerning this issue would require the Company to prove its actual loss or damage which cannot be determined until recovery action is completed.

Any extended discussion of the Company's position in relation to this issue or other claims such as those relating to the defalcation of former CEO Neil Ian Leggett, are premature.

Reduction in Costs and Cash Flow

The Board resolved to implement further cost containment initiatives effective from 1 March 2009 and these initiatives have been continued during the financial year:

1. Chief Executive Officer – following the resignation of Dr Stephen Phua on 4 January 2010, his role has been undertaken by Nicholas Weston as Executive Chairman. This action has resulted in savings in excess of $300,000 per annum.

2. Non Executive Directors' fees – continue to be payable at the reduced rate of $32,000 per annum paid in 2 tranches of 6 monthly interval;

3. Company Secretary's fee – continue to be payable at a flat $4,000 per month;

4. Chief Financial Officer's fee – negotiated to be payable at a flat $6,000 per month.

Issue of Performance Shares

As a further incentive, the Board has agreed, subject to both Shareholder and Fortrend approval, to issue 10,000,000 special performance shares pursuant to the Company's Employee Share Plan at nil value to Mr Tong upon substantially completing by 30 June 2010, the planned recovery instalments receivable in relation to the failed China investment in SHRG during the year ended 30 June 2010. Since July 2009 an amount of RMB 18,100,000 (approximately AUD$2,990,000) has been recovered with a further amount of RMB 22,400,000 (approximately AUD $3,733,000) likely to be recovered. The special performance shares will convert to ordinary shares upon the completion of the recovery.

Performance Incentives

The Board has determined that the following performance incentives will be payable, upon achieving certain milestones and objectives, to the Executive Chairman as follows:

- An amount of $50,000 payable upon holding of the Annual General Meeting and the Company Shares resume trading on the ASX.
- A further amount of $50,000 payable upon the first drawdown of the Fortrend Share Subscription Agreement.
- A further amount of $100,000 payable at time of formal review for substantial achievement of additional mutually agreed objectives.

The Board considered that these incentives were appropriate given that the Executive Chairman's base salary of $100,000 per annum is well below market value and that a significant proportion of salary and benefits be tied to performance.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future years except as detailed below:

China recovery continues

In 2007 the entity entered into a contract to acquire the business and assets of Shanghai Rua Guang Bi-Pharma Development Co (SHRG) and a 96% interest in Shanghai Yi Sheng Yuan Pharmaceutical Co. Ltd (YSY) as outlined in the 2007 Annual Report at Note 24 Business Combinations. The Company has since the end of the financial year continued to recover funds in respect of this investment. At the date of this report a further RMB 700,000 (approximately $AUD 115,000) has been recovered since the end of the financial year.

European Patent

In August 2010, the Company received a notice of acceptance in the European Union for our patent covering "Humanised antibodies derived from DD-3B6/22, specific for the D-Dimer fragment of Fibrin". This is the latest addition to the company's portfolio of patents in the USA, Australia, New Zealand and Singapore.

Issue of securities subsequent to year end

On 10 August 2010, Mr Tang, a sophisticated investor, converted Notes to the value of $100,000. The conversion resulted in the issue of 20,000,000 Ordinary Shares in accordance with the subscription agreement. The conversion results in Mr Tang becoming a substantial shareholder with a holding in excess of 5%. Subsequently, on 23 August 2010 Mr Tang converted further Notes to the value of $100,000 which resulted in the issue of a further 20,000,000 Ordinary Shares. Details of substantial holders can be found under Additional Information Section of this Annual Report.

Following approval at the 2009 Annual General Meeting held on 27 August 2010, High Tech Computers Pty Limited as trustee of the High Tech Super Fund, an entity related to Mr John Tong, converted Notes to the value of $100,000. The conversion resulted in the issue of 20,000,000 Ordinary Shares in accordance with the subscription agreement. Shareholder approval was also granted at that meeting for the issue of 600,000 Ordinary Shares at 2 cents per share to Mr John Tong in lieu of cash remuneration.

Prospectus

In order for the Company to access the Fortrend Facility there is a specific requirement that the Company prepare a Prospectus. In this regard the Board is considering that it will utilise the opportunity and therefore minimise costs by combining the Prospectus requirements with a Rights Issue. The amount to be raised by way of Rights Issue had not been finalised at this time as the Board considers that it prudent to ensure that the suspension of shares is lifted by the ASX before undertaking the rights issue.

Any Rights Issue will be only available to Shareholders in Australia, New Zealand, Singapore and Hong Kong as there is no intention to lodge a Prospectus outside those jurisdictions at this time.

It is envisaged that any proposed Rights Issue will include the ability to apply for additional shares by way of a top up facility. Any shortfall under a Rights Issue would be offered to institutional investors. The Board has yet to determine if the Directors will participate in any proposed Rights Issue.

Other significant changes in the state of affairs of the Consolidated Entity during the financial year are commented upon in the operational and financial review above.

SHARE OPTIONS

At the date of this report, there were the following options which could be exercised into ordinary shares:

The following table summarises information about options held by Directors and employees as at the date of this report:

Number of options	Grant date	Expiry date	WAEP* $
10,000,000	4 January 2010	4 January 2012	0.017
500,000	15 October 2009	15 October 2011	0.017

The following table summarises information about options held by external consultants as at the date of this report:

Number of options	Grant date	Expiry date	WAEP* $
200,000	1 January 2006	1 January 2012	0.4000

The following options expired or lapsed during the period since the last annual report

Number of options	Grant date	Expiry date	WAEP*
67,500	21 September 2004	21 July 2010	0.6728
150,000	31 August 2005	21 July 2011	0.2928
150,000	31 August 2006	21 July 2012	0.2200
150,000	31 August 2007	21 July 2013	0.2400
3,000,000 [(a)]	6 June 2007	17 April 2013	0.3000
3,000,000 [(a)]	6 June 2007	17 April 2013	0.4000
3,000,000 [(a)]	6 June 2007	17 April 2013	0.5000
3,000,000 [(a)]	6 June 2007	17 April 2013	0.6000
3,000,000 [(a)]	6 June 2007	17 April 2013	0.7000
5,000,000	3 January 2008	3 January 2011	0.1500

*Weighted Average Exercise Price

(a) The options were granted pursuant to the acquisition agreement with SHRG and were to vest on 18 April 2010, provided conditions set out on the acquisition agreement were met. The conditions have not been met and therefore the options are not capable of vesting and have therefore lapsed.

In addition to the options held by Directors, employees and consultants, the following listed options were also on issue as at the date of this report:

Number of options	Grant date	Expiry date	WAEP* $
20,373,488	21 May 2007	30 June 2011	0.3000

* Weighted Average Exercise Price

Milestone Options

The Company has a legal obligation pursuant to the acquisition agreement of SHRG and YSY to issue options. These options will only be issued, if a specific milestone is achieved, and will be based upon the average share price for the 10 trading days prior to the achievement of that particular milestone, but shall not be less than 16 cents per option. These options, if and when issued may be exercised up to 5 years after the completion of each milestone. The obligation to issue milestone options expires on 17 April 2012. The Directors are of the view that in light of the current events to unwind the transaction and that the milestone hurdles will not be achieved these options will not be required to be issued.

Each option is exercisable for one ordinary share in Agenix Limited. Option holders do not participate in any share issue or interest issue of the Company or any other body corporate.

Shares Issued on Exercise of Options

No shares have been issued during or since the end of the financial year as a result of the exercise of options.

INDEMNIFICATION AND INSURANCE FOR DIRECTORS AND OFFICERS

During the year, the Consolidated Entity has paid a premium in respect of a contract insuring all of the Directors and executive officers of the Consolidated Entity against a liability incurred in their role as Directors and officers of the Consolidated Entity, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or

(b) there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

The insurance contract contains a confidentiality condition which prohibits disclosure of the nature of the liabilities insured or the premium paid.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Full Meetings of Directors		Meetings of Committees			
			Audit[1]		Remuneration[1]	
	Entitled to Attend	Attended	Entitled to Attend	Attended	Entitled to Attend	Attended
N. Weston	12	12	-	-	-	-
A. Lee	12	12	-	-	-	-
C. McNamara	12	12	-	-	-	-
Dr S. Phua	7	7	-	-	-	-
J. Zhang	6	-	-	-	-	-

1. Due to the current size of the Board no formal independent audit or remuneration committee meetings were held during the year. The activities of these committees are undertaken during regular Board meetings. Refer Statement of Corporate Governance Practices -2010 for detailed information.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than information disclosed in this Report, information on likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years, as well as the business strategies and prospects of the Consolidated Entity, has not been included in this Report because the Directors believe that to include such information would be likely to result in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity holds where necessary, any licences issued by the relevant environmental protection authorities. These licences specify limits and regulate the management of discharges to the air and storm water run-off associated with the production processes and storage of any hazardous materials. There have been no significant known breaches of the Consolidated Entity's licence conditions.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

NON AUDIT SERVICES

The Board did not engage the independent auditors to perform any non audit services during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration which forms part of the Director's Report for the year ended 30 June 2010 has been received and can be found on page 44.

REMUNERATION REPORT

The audited Remuneration Report which forms part of the Director's Report for the year ended 30 June 2010 can be found on Page 29.

Signed in accordance with a resolution of the Directors.

Nick Weston

Nicholas Weston

30 August 2010

This Remuneration Report forms part of the Directors' Report and details the nature and amount of remuneration for each key management person of Agenix Limited and its controlled entities and for the executives receiving the highest remuneration.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors, executives and staff. To prosper, the Company must attract, motivate and retain highly-skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- allocate a significant portion of executive remuneration as 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Non Executive Directors, the Chief Executive Officer (CEO) and the senior management team. The activities of the Remuneration Committee are encompassed as part of normal Board meetings.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and senior manager remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Non-executive Director remuneration is determined within the aggregate Directors fee pool, which is periodically recommended for approval by shareholders. The latest determination was at an Extraordinary General Meeting held on 17 April 2007 when shareholders approved an aggregate remuneration of $500,000 per annum. The actual amount paid during the financial year ended 30 June 2010 inclusive of shares issued in lieu of cash was $227,814 (2009: $211,290).

Each Director receives a fee for being a Director of the Company. No additional fees are paid for Board committee membership. Should a Director be requested by the Chairman to undertake review work additional to normal Board and Board committee work, the Director receives additional fees based on commercial hourly rates. However, the additional fees will not result in the aggregate amount of Directors' fees approved by shareholders being exceeded.

The Board adopted the recommendation of the remuneration committee to reduce fees payable to non-executive directors to $32,000 per annum and to pay board members in arrears at six monthly intervals in lieu of the practice of monthly payments.

Further Cost Containment Initiatives

The Board resolved to continue further cost containment initiatives which were implemented effective from 1 March 2009:

1. Chief Executive Officer – following the resignation of Dr Stephen Phua on 4 January 2010, this role has been undertaken by Nicholas Weston as Executive Chairman. This action has resulted in savings in excess of $300,000 per annum.

2. Non Executive Directors' fees – continue to be payable at the reduced rate of $32,000 per annum paid in 2 tranches of 6 monthly interval;

3. Company Secretary's fee – continue to be payable at a flat $4,000 per month;

4. Chief Financial Officer's fee – negotiated to be payable at a flat $6,000 per month.

Remuneration values for short-term and long-term incentives are not specified in the contracts, except for specific sign-on performance incentives.

The manner of payment of remuneration is not specified in the contract and is determined on a case by case basis. Remuneration is generally a mix of cash and non-cash benefits as considered appropriate by the Remuneration Committee.

Performance Based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Agenix Limited bases the assessment on audited figures, however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports are obtained from organisations such as Standard & Poor's.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of specified timelines and targets in relation to milestones, revenue targets, return on equity ratios, and continued employment with the Group. The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons, who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held at 30 June 2010 and any change during the year	Contract Details (Duration and Termination)	Proportions of Remuneration related to Performance			Proportions of elements of remuneration not related to performance		
Group Key Management Personnel			Non Salary Cash Based Incentives %	Shares %	Options/ Rights %	Fixed Salary/ Fees %	Shares/ Options %	Total %
N. Weston	Executive Chairman	Appointed Chairman 28 August 2008 Executive Chairman from 4 January 2010 Term 2 years; no notice to terminate 6 month's salary plus average STIP plus value of unexercised options	0.00%	0.00%	0.00%	98.70%	1.30%	100.00%
C. McNamara	Director	No fixed term	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
A Lee	Director	No fixed term	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
Dr. S Phua	Chief Executive Officer Resigned 4 January 2010	2 year contract from 3 January 2008. 6 months notice to terminate 1 year salary plus average STIP plus value of unexercised options.	0.00%	0.00%	0.00%	98.21%	1.79%	100.00%
J. Zhang	Director CEO China operations Resigned as Director October 2009	3 year contract from 17 April 2007 Removed as CEO August 2008	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
J Tong	General Manager Agenix Shanghai	1 year contract from 15 October 2009.	22.36%	0.00%	0.11%	71.22%	6.31%	100.00%

Other Key Management Personnel Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

In determining the level and make-up of executive remuneration, the Remuneration Committee benchmarks remuneration packages with comparable organisations.

It is the Remuneration Committee's policy that employment contracts are entered into for senior executives. Details of relevant contracts are provided within this Report.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration
  - Short Term Incentive ('STI'); and
  - Long Term Incentive ('LTI').

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior executive by the Remuneration Committee and for other employees by the CEO.

Remuneration values for short-term and long-term incentives are not specified in the employment contracts. Sign on short-term and long-term incentives are specified in the initial employment contracts.

The manner of payment of remuneration is not specified in the employment contract and is determined on a case by case basis. Remuneration is generally a mix of cash and non-cash benefits as considered appropriate by the Remuneration Committee or the CEO as the case may be.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of Company-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and additional superannuation, which is provided by salary sacrifice. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable remuneration – Short Term Incentive (STI)

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual STI payments granted to each senior manager depend on the extent to which specific operating targets, set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution of net profit after tax, customer service and product management.

The aggregate of annual STI payments available for senior executives within the Company is subject to the approval of the Remuneration Committee. Payments made are usually delivered as a cash bonus or as a superannuation contribution at the end of the each financial year.

Variable remuneration – Long Term Incentive (LTI)

The LTI plan aims to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long-term performance hurdle.

LTI grants to executives are delivered in the form of options.

Usually options issued under the employee option plan, including executive options, have a two year vesting period. If an executive ceases employment with the Company prior to the options vesting, then those options are forfeited. Vested options are forfeited if they are not exercised within one month upon an executive ceasing employment with the Company, or six months in special circumstances as deemed appropriate by Board of Directors.

Remuneration, Company Performance and Shareholder Wealth

The development of remuneration policies and structures are considered in relation to the effect on Company performance and shareholder wealth. They are designed by the Board to align Director and executive behaviours with improving Company performance and, ultimately, shareholder wealth.

The following table shows the gross revenue, profits and dividends for the last 5 years for the listed entity, as well as the share price at the end of the respective financial years. The significant reduction in the Company's share price is reflective of the decision to divest itself of non-performing assets and rationalise and refocus the Company.

	2006 $000	**2007 $000**	**2008 $000**	**2009 $000**	**2010 $000**
Revenue	833	963	1,066	180	6
Net Profit (Loss)	(3,721)	(5,695)	(23,283)	(7,954)	2,478
Share Price at Year-end	0.16	0.27	0.03	0.017	0.017
Dividends Paid	Nil	Nil	Nil	Nil	Nil

The overall level of key management personnel compensation takes into account the overall operating performance of the Group over a number of years. Losses for 2008 and 2009 respectively were impacted by the ill-executed acquisition of SHRG & YSY. The key management personnel and Directors involved in these transactions are no longer employed by the Group. Focus for current key management personnel and Directors has therefore been on cost saving measures and recovery efforts to ensure the ongoing viability of the Group.

Details of Remuneration

Details of the remuneration of the Directors, other key management personnel of the Group and certain executives of Agenix Limited and the Group are set out in the following tables.

The key management personnel of the Group are the Directors of Agenix Limited (see above) and those executives that report to the Executive Chairman being:

J Tong General Manager Agenix China, appointed 15 October 2009.

Key management personnel of the Group and other executives of the Company and the Group

		Short-term employee benefits			Post-employment benefits			Share-based payments		
Name		Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termination benefits $	Equity Settled Options $	Equity Settled Shares $	Total $
Directors										
Non-executive										
A. Lee	2010	32,000	-	-	2,880	-	-	-	-	34,880
	2009	37,333	-	-	3,360	-	-	-	-	40,693
C. McNamara	2010	32,000	-	-	2,880	-	-	-	-	34,880
	2009	37,333	-	-	3,360	-	-	-	-	40,693
R. Govindan	2010	-	-	-	-	-	-	-	-	-
	2009	12,500	-	-	1,125	-	-	-	-	13,625
Executive										
N. Weston	2010	100,000	-	1,375	9,000	-	-	1,455	-	111,830
	2009	30,000	-	-	10,800	-	-	-	75,479	116,279
Dr. S Phua	2010	151,628	-	3,953	4,415	-	-	2,910	-	162,906
	2009	295,917	-	-	2,547	-	-	163,069	98,699	560,232
J. Zhang	2010	-	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	8,450	8,450
Total directors	2010	315,628	-	5,328	19,175	-	-	4,365	-	344,396
Total directors	2009	413,083	-	-	21,192	-	-	163,069	182,628	779,972

Mr R Govindan resigned as Chairman on 8 August 2008 and included for comparative purposes only. Mr J Zhang resigned as a Director at the 2008 Annual General Meeting held on 30 October 2009, but has not participated in the strategic management of the Company since July 2008.

The members of the Key management Personnel also include the highest remunerated company and group executives. During the year the Group employed only one such executive.

Other key management personnel		Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Equity Settled Options	Equity Settled Shares	Total
J Tong	2010	127,092	42,506	8,298	-	-	-	212	12,000	190,108
	2009	64,686	-	-	-	-	-	-	-	64,686
M. Gerometta	2010	-	-	-	-	-	-	-	-	-
	2009	28,012	6,300	-	3,088	-	115,096	3,169	-	155,665
R Wang	2010	-	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	5,809	-	5,809
Total key management personnel	2010	127,092	42,506	8,298	-	-	-	212	12,000	190,108
Total key management personnel	2009	92,698	6,300	-	3,088	-	115,096	8,978	-	226,160
Total directors and key management personnel	2010	442,720	42,506	13,626	19,175	-	-	4,577	12,000	534,504
Total directors and key management personnel	2009	505,781	6,300	-	24,280	-	115,096	172,047	182,628	1,006,132

Mr R Wang was removed as Chief Operating Officer – China effective 29 August 2008 and is longer considered part of key management personnel.

Dr M Gerometta's contract expired February 2009 and was not renewed and is no longer considered part of key management personnel. Dr Gerometta subsequently agreed to provide ad-hoc consulting services to the Company to maintain the integrity of the ThromboView® project.

Mr J Tong was appointed General Manager Agenix Biopharmaceutical (Shanghai) Company Limited on 15 October 2009 as is now considered part of key management personnel.

Cash bonuses

Executive directors and executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The remuneration committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated group. The grant date for cash bonuses is based upon the anniversary of each Executive.

Equity Settled Options

Equity Settled Options over shares in Agenix Limited are granted under an employee option plan which is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan, participants are granted options which vest if the employees are still employed by the Group at the end of the vesting period of two years. The options are personal to the employee and cannot be assigned or dealt with to minimise risk. Board Approval is required to be obtained prior to security being provided over options issued as part of remuneration.

Options are granted under the plan for no consideration. They carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share in Agenix Limited.

The exercise price of options is based on the average closing price at which the Company's shares are traded on the Australian Securities Exchange for the twenty trading days prior to the grant date.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant date	No of Options at beginning of year or issued during the year	No of Options Expired or Forfeited	No of Options on issue held by employees at the end of the year	Date vested and exercisable	Expiry date	Exercise price	Fair Value per option at grant date
21-September-2004	67,500	67,500	-	21-July-2006	21-July-2010	0.6728	0.2574
31-August-2005	150,000	150,000	-	21-July-2007	21-July-2011	0.2928	0.0714
31-August-2006	150,000	150,000	-	21-July-2008	21-July-2012	0.2200	0.0325
06-June-2007[1]	3,000,000	3,000,000	-	18-April-2010	17-April-2013	0.3000	0.0193
06-June-2007[1]	3,000,000	3,000,000	-	18-April-2010	17-April-2013	0.4000	0.0299
06-June-2007[1]	3,000,000	3,000,000	-	18-April-2010	17-April-2013	0.5000	0.0226
06-June-2007[1]	3,000,000	3,000,000	-	18-April-2010	17-April-2013	0.6000	0.0178
06-June-2007[1]	3,000,000	3,000,000	-	18-April-2010	17-April-2013	0.7000	0.0143
21-July-2007	150,000	150,000	-	21-July-2009	21-July-2013	0.2400	0.0475
03-January-2008	5,000,000	5,000,000	-	03-January-2009	03-January-2010	0.1500	0.0750
15-October-2009[2]	500,000	-	500,000	15-October-2010	15-October-2011	0.0170	0.0060
04-January-2010[2]	10,000,000	-	10,000,000	04-January-2011	04-January-2012	0.0170	0.0060
	31,017,500	20,517,500	10,500,000				

1. Options issued to W & Z Holdings Ltd a company associated with Jonathon Zhang, a Director until 30 October 2009 subject to certain milestones being achieved which have not been met. The option conditions were not met on the vesting date and therefore the options have lapsed.

2. Options granted pursuant to contract of employment

Details of options over ordinary shares in the Company provided as remuneration to each Director of Agenix Limited and each of the other key management personnel and other Company or Group executives are set out below:

	Grant date	No. options granted	No of Options Expired or Forfeited	No. options vested	Fair value per option at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	Overall Vested %	Overall Unvested %	Overall Lapsed %
2010												
Directors												
N Weston	4.1.10	10,000,000	-	-	0.0060	0.0170	Nil	4.1.12	4.1.11	-	100	-
S Phua	3.1.08	5,000,000	5,000,000	5,000,000	0.0750	0.1500	Nil	3.1.10	3.1.09	100	-	100
Other key management personnel												
J Tong	15.10.09	500,000	-	-	0.0060	0.0170	Nil	15.10.11	15.10.10	-	100	-
M Gerometta	21.7.07	255,000	255,000	255,000	0.0442	0.2400	Nil	21.7.09	21.7.07	100	-	100
M Gerometta	21.7.07	150,000	150,000	150,000	0.0952	0.2400	Nil	21.7.13	21.7.09	100	-	100

	Grant date	No. options granted	No of Options Expired or Forfeited	No. options vested	Fair value per option at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	Overall Vested %	Overall Unvested %	Overall Lapsed %
2009												
Directors												
S Phua	3.1.08	5,000,000	-	5,000,000	0.0750	0.1500	Nil	3.1.10	3.1.09	100	-	-
J Zhang	21.7.07	900,000	900,000	900,000	0.0442	0.2400	Nil	21.7.09	21.7.07	-	-	100
J Zhang	21.7.07	400,000	400,000	400,000	0.0952	0.2400	Nil	21.7.13	21.7.09	-	-	100
Other key management personnel												
R Wang	21.7.07	650,000	650,000	650,000	0.0442	0.2400	Nil	21.7.09	21.7.07	-	-	100
R Wang	21.7.07	275,000	275,000	275,000	0.0952	0.2400	Nil	21.7.13	21.7.09	-	-	100
M Gerometta	21.7.07	255,000	-	255,000	0.0442	0.2400	Nil	21.7.09	21.7.07	100	-	-
M Gerometta	21.7.07	150,000	-	150,000	0.0952	0.2400	Nil	21.7.13	21.7.09	100	-	-

Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

Group Key Management Personnel	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage vested/paid during the year %	Percentage forfeited during the year %	Percentage remaining as unvested %	Expiry date for vesting or payment	Range of possible values relating to future payments
N. Weston	Options	4/01/2010	(a)	0.00%	0.00%	100.00%	4/01/2011	$0-$5,000
	Cash	4/01/2010	(c)	0.00%	0.00%	100.00%	4/01/2011	$0-$100,000
	Cash	4/01/2010	(c)	0.00%	0.00%	100.00%	4/01/2012	$0-$100,000
Dr. S Phua	Options	3/01/2008	Sign on Options (b)	100.00%	100.00%	0.00%	3/01/2010	n/a
J. Zhang	Options	21/07/2007	Sign on Options (b)	0.00%	0.00%	0.00%	21/07/2013	n/a
	Options	21/07/2007	(b)	0.00%	100.00%	0.00%	21/07/2009	n/a
J Tong	Cash	31/12/2009	(c)	100.00%	0.00%	0.00%	31/12/2009	$0 - $45,000
	Options	15/10/2009	(a)	0.00%	0.00%	100.00%	15/10/2011	$0-$1,000
	Shares	14/10/2009	(d)	0.00%	0.00%	100.00%	27/10/2010	$0-$12,000

Note 1 (a) Options are granted pursuant to the Employee Share Option Plan. Options do not vest until 1 year after grant date and only if employment is continuing. Options lapse, two years after grant date

Note 1 (b) Director's options granted pursuant to contract. Options do not vest until 2 years after grant date and only if employment is continuing. Options lapse, six years after grant date

Note 1 (c) Cash was awarded as part of the Group's Incentive for the retention of key executives. Such persons were deemed to have satisfied the prerequisites for the receipt of their awards being KPI measures based upon milestones, and relative industry indicators.

Note 1 (d) Ordinary Shares in lieu of cash remuneration to be issued on approval of shareholders or paid in cash if approval not granted.

Remuneration Shares issued to John Tong

At the 2009 Annual General Meeting held on 27 August 2010, approval was granted to issue to John Tong 600,000 Ordinary Shares at 2 cents each in lieu of cash remuneration.

Employment contracts

Remuneration and other terms of employment for certain key management personnel are formalised in employment contracts. Major provisions of such contracts relating to remuneration are set out below.

Mr Nick Weston

The Executive Chairman of Agenix Limited and its controlled entities was employed under contract. The employment contract was for a period of 2 years commencing on 4 January 2010 and is commensurate with standard terms and conditions of employment in Australia.

The terms of the contract are:

- Mr Weston is entitled to a fixed remuneration of $100,000 p.a. and is entitled to short-term and long term incentives.
- The remuneration payable under the contract, including fixed remuneration, short term and long term incentives shall be reviewed annually on the anniversary date.
- Superannuation currently 9% of fixed remuneration in accordance with the Company's statutory obligations.
- Reimbursement of Membership fees and subscriptions to professional bodies.
- Contribution from 1 June 2010 of $1,375.00 (inclusive of GST) per month towards the cost of maintaining an office.
- Business Class travel on Company business for flights in excess of 5 hours duration.
- One airline lounge membership.
- Reimbursement of reasonable expenses incurred including international telephone calls, meals and accommodation, parking and ground transport in relation to the services rendered.
- In addition specific short term incentives are payable in the first year of the contract upon achieving the following:
- An amount of $50,000 payable upon holding of the Annual General Meeting and the Company Shares resume trading on the ASX.
- A further amount of $50,000 payable upon the first drawdown of the Fortrend Share Subscription Agreement.
- A further amount of $100,000 payable at time of formal review for substantial achievement of mutually agreed objectives.

The structure and quantum of the STIP may vary from year to year but will be based upon mutually agreed annual goals which encompass operational performance and shareholder returns. The goals include but are not limited to:

- Fund raising;
- Expense reduction;
- Board approval of long term plans and objectives;
- Return to trading on ASX;
- Mitigation of legacy issues;
- Repatriation of funds in respect of the failed acquisition in PRC;
- Issuing a Prospectus;
- Improvement in Share Price following reinstatement to trading on ASX; and
- Business development.

- The Company may terminate the contract where there is no breach by Mr Weston by making a one-off lump sum payment of:

  i. an amount equal to six months fixed remuneration plus the amount which represents the average annual percentage of the actual STI paid over the previous three years, or the duration of employment if such is less than three years; and

ii. any amount of entitlements in lieu of unused annual leave or long service leave, as at the termination date.

- The Company may terminate the contract without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to any remuneration as at termination date and any statutory leave entitlements. On termination without notice by the Company, any unvested options will be forfeited. Vested options are forfeited if they are not exercised within one month of termination, or six months in special circumstances as deemed appropriate by the Board of Directors.

- In the event of change of control, Mr Weston may resign by giving one month's notice in writing and is entitled to:

  i. an amount equal to six months fixed remuneration plus the amount which represents the average annual percentage of the actual STI paid over the previous three years, or the duration of employment if such is less than three years;
  ii. any amount of entitlements in lieu of unused annual leave or long service leave, as at the termination date; and
  iii. continue to recognise and honour any entitlements to Shares in the Company as if the Mr Weston was continuing as an employee.

Mr Weston is entitled to, subject to Shareholder approval, the following LTIP Options issued pursuant to the Employee Share Option Plan:

- 10,000,000 Options with a grant date of 4 January 2010 and exercise price of $0.017 cents. The options will vest, subject to shareholder approval, on 4 January 2011 and expire on 4 January 2012.

Approval for the issue of Options will be sought at the next Annual General Meeting to be held before 30 November 2010.

Dr. S Phua

The Chief Executive Officer and Managing Director of Agenix Limited and its controlled entities was employed under contract. The employment contract was for a period of 2 years commencing on 3 January 2008 and is commensurate with standard terms and conditions of employment in Singapore:

The terms of the contract were:

- Dr Phua was paid a fixed remuneration of $400,000 p.a. and was entitled to short-term and long-term incentives.

- Dr. Phua was entitled to be provided with a Driver and fully maintained motor vehicle.

- Medical and Dental Insurance for Dr Phua and his immediate family shall be borne by the Company.

- Tax equalisation payments shall be borne by the Company in the event that taxation is payable in any other country other than Singapore.

- The amount of incentive paid is based on the achievement of annual performance criteria, which are set and evaluated by the Board of Directors. The criteria include operational milestones.

  (i) The Company may terminate the contract where there is no breach by Dr Phua by making a one-off lump sum payment of: an amount equal to twelve months fixed remuneration plus the amount which represents the average annual percentage of the actual STI paid over the previous three years, or the duration of employment if such is less than three years; and

(ii) any amount of entitlements in lieu of unused annual leave or long service leave, as at the termination date.

- The Company may terminate the contract without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to any remuneration as at termination date and any statutory leave entitlements. On termination without notice by the Company, any unvested options will be forfeited. Vested options are forfeited if they are not exercised within one month of termination, or six months in special circumstances as deemed appropriate by the Board of Directors.

- Dr Phua's contract was not renewed and he resigned as a Director effective 4 January 2010. Mr Nicholas Weston assumed the role of Executive Chairman on that date.

Mr John Tong

The General Manager of Agenix Bio-Pharmaceutical (Shanghai) Co. Ltd, Mr John Tong, was employed under contract. The employment contract is a 1 year contract commencing on 15 October 2009. The terms of the contract are:

- Mr Tong is entitled to:

  i. fixed remuneration of RMB 654,860 (approximately AUD$110,000) p.a. and is entitled to short-term and long-term incentives;
  ii. motor vehicle and phone allowance of RMB 18,000 (approximately AUD$3,000) p.a.;
  iii. contribution to accommodation in Shanghai to a maximum of RMB 36,000 (approximately AUD$6,000) p.a.
  iv. two economy return airfares from Shanghai to Australia to a maximum value of RMB 19,360 (approximately AUD$3,230) p.a.

- Tax equalisation payments shall be borne by the Company in the event that taxation is payable in any other country other than China to a maximum of RMB 24,000 (approximately AUD 4,000) p.a.

- 500,000 Initial Options to be issued pursuant to the Employee Share Option Plan with an exercise price determined by the Board and subject to shareholder approval. The options will have an effective grant date of 15 October 2009 and will vest on 15 October 2010. The options will lapse on 15 October 2011 if not exercised prior to that date. The options were issued on 21 July 2010 being the anniversary date for the issue of options under the Employee Share Option Plan.

- The amount of incentive paid is based on the achievement of annual performance criteria, which are set and evaluated by the Executive Chairman. The criteria include operational milestones.

- As a further incentive, the Board has agreed, subject to both Shareholder and Fortrend approval, to issue 10,000,000 special performance shares pursuant to the Company's Employee Share Plan at nil value to Mr Tong upon substantially completing by 30 June 2010, the planned recovery instalments receivable in relation to the failed China investment in SHRG during the year ended 30 June 2010. Since July 2009 an amount of RMB 18,100,000 (approximately AUD$2,990,000) has been recovered with a further amount of RMB 22,400,000 (approximately AUD $3,733,000) likely to be recovered. The special performance shares will convert to ordinary shares upon the completion of the recovery action.

- The Company may terminate the contract where there is no breach by Mr Tong by making a one-off lump sum payment of:

  (i) an amount equal to three months fixed remuneration plus the amount which represents the average annual percentage of the actual STI paid over the previous three years, or the duration of employment if such is less than three years; and

  (ii) any amount of entitlements in lieu of unused annual leave or long service leave, as at the termination date.

- The Company may terminate the contract without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to any remuneration as at termination date and any statutory leave entitlements. On termination without notice by the Company, any unvested options will be forfeited. Vested options are forfeited if they are not exercised within one month of termination, or six months in special circumstances as deemed appropriate by the Board of Directors.

- At the 2009 Annual General Meeting held on 27 August 2010, approval was granted to issue to John Tong 600,000 Ordinary Shares at 2 cents each in lieu of cash remuneration.

End of Remuneration Report

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457, Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY PAUL GALLAGHER TO THE DIRECTORS OF AGENIX LIMITED

As auditor of Agenix Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Agenix Limited and the entities it controlled during the year.

BDO Audit (QLD) Pty Ltd

Paul Gallagher

Director

Brisbane, 30 August 2010

Agenix Limited (“Agenix” or “the Company”) Approach to Corporate Governance and Responsibility

The Agenix Board of Directors is committed to the principles underpinning good corporate governance, applied in a manner which is most suited to Agenix, and to best addressing the directors’ accountability to shareholders and other stakeholders. This is supported by a commitment to the highest standards of legislative compliance and financial and ethical behaviour.

The Company continues to address directors’ accountability to stakeholders in a manner consistent with the Company’s individual circumstances enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way Agenix is directed and managed.

As a measure of its stated commitment to good corporate governance principles, The Board will continue to:

- Review and continually improve its governance practices; and
- Monitor developments in good corporate governance.

Report on Compliance with the ASX Best Practice Recommendations

Currently, the ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Best Practice Recommendations (“Recommendations”) in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the Company’s decision. Where a recommendation has been followed for only part of the period the company must state the period during which it had been followed.

As detailed within this Statement of Corporate Governance Practices; Agenix considers its governance practices comply with:

- each of the ASX Corporate Governance Principles (“Principles”); and
- the Recommendations, except for those detailed, and for the reasons outlined, in this Report.

For the reasons expressed within this statement, Agenix has elected not to adopt Recommendations 2.1, 2.2, 2.3, 2.4, and 4.2. Agenix is a small company and accordingly the Directors consider that many of the corporate governance guidelines intended to apply to larger companies are not practical.

Agenix’s Statement of Corporate Governance is available at www.agenix.com.

Date of this Statement

This statement outlines the:

- Principles and Recommendations identified by the ASX as underlying good corporate governance; and
- Main corporate governance practices of Agenix during the year to 30 June 2010, except where stated otherwise.

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1:

Formalise and disclose the functions reserved for the board and those delegated to senior executives and disclose those functions.

Recommendation1.2:

Disclose the process for evaluating the performance of senior executives.

Recommendation 1.3:
Provide the information indicated in the Guide to reporting on Principle 1.

Formalisation of Board and Management Functions

The Board has formalised its roles and responsibilities into a Charter. The Board Charter clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary the responsibilities of the Agenix Board include:

- oversight of the Company, including its control and accountability systems;
- setting the Company's major goals including the strategies and financial objectives to be implemented by management;
- appointing, removing and controlling the Chief Executive Officer
- ratifying the appointment and where appropriate the removal of the Chief Financial Officer and/or Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting, and
- corporate governance

The Board has delegated responsibility to the Chief Executive Officer for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Agenix's annual budget, recommending it to the Board for approval and managing day to day operations within the budget;
- managing day to day operations in accordance with standards for social and ethical practices which have been set by the Board; and
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

Senior Executive Performance Evaluation

The Board is responsible for approving the performance objectives and measures for the Chief Executive Officer and assessing whether these objectives have been satisfied by the performance of the Chief Executive Officer during the relevant period and in accordance with agreed terms of engagement.

The Chief Executive Officer is responsible for approving the performance objectives and measures of other senior executives in consultation with the Board. The Board provides input into the evaluation of performance by senior executives against established performance objectives.

The performance of senior executives is monitored by the means of scrutiny by the Board of regular monthly reports provided by management regarding the group financial performance and forecasted results, presentations and operational reports, and the achievement of predetermined performance objectives.

Principle 2: Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

Recommendation 2.1:

A majority of the board should be independent directors.

Recommendation 2.2:

The chair should be an independent director

Recommendation 2.3:

The roles of chair and Chief Executive Office should not be exercised by the same individual.

Recommendation 2.4:

The board should establish a nomination committee

Recommendation 2.5:

Disclose the process for evaluating the performance of the board, its committees and individual directors

Recommendation 2.6:

Provide the information included in the Guide to reporting on Principle 2.

Independence

An Agenix director will be considered independent where he or she is:

- independent of management, that is a non-executive director; and
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The Agenix Board has made its own assessment to determine the independence of each director on the Board. It is the Board's view that during the year ended 30 June 2010 that two current non executive directors were independent, namely: Mr N Weston and Mr A Lee. Mr Weston was appointed executive chairman on 4 January 2010 and since that date is not considered to be independent. Further particulars as to the reasons for the appointment of Executive chair are found later in this report under the heading Chairman.

In view of the size of the Company, the nature of its activities and the difficulties it has faced following the Leggett era, the Board considers that the current mix of skills, experience, qualifications and experience on the Board is consistent with the long term interests of the Company. The Board will continue to monitor the requirements for independent directors in the context of the Company's communicated long term objectives.

The Board has based upon its overall assessment of the factors facing the company elected not to continue to adopt Recommendation 2.1 until it is practical to do so and will continue to monitor the requirements of this recommendation.

The Board has established criteria for assessing the independence of its directors.

Composition of the Board

The Agenix Board currently comprises two (2) non-executive directors and one (1) executive director.

The composition of the Board is set based on the following factors:

- the Company's constitution provides for the number of directors to be not less than three (3) and not more than ten (10) as determined by directors from time to time;
- the Board is cognisant that the position of Chairman should where possible be held by a non executive director.
- Consistent with the Company's objective that the Board should encompass a broad range of relevant expertise, the present Board consists of directors with a collective of diverse skills, qualifications and experience as more fully detailed in the Directors Report.
- The Board considers that the individual Directors make highly-skilled decisions in the best interests of Agenix, despite the majority of the Board not being independent directors.

There is no shareholding requirement imposed upon directors under the Company's Constitution, however all of the directors of Agenix hold shares in the Company.

Details of all holdings by directors in the Company are included within the Directors' Report.

Chairman

The chairman is selected by the Board.

The current chairman, Mr. N Weston, was appointed as an independent non-executive director and chairman on 22 August 2008 and continued in that role until 4 January 2010.

Following the resignation of Dr S Phua on 4 January 2010, Mr Weston was appointed to the role of Executive Chairman.

The Board has considered:

- whether it would be beneficial to appoint a lead independent director
- other positions held by the existing chair and the other non executive director and the available time of each director; and
- the skills and qualifications and experience of the existing directors

and based on its overall assessment of these factors it has elected not to continue to adopt Recommendation 2.2 to appoint:

- a lead independent director
- independent chairman
- alternative chairman

The Board will continue to assess the requirements of this recommendation in the context of the Company's individual circumstances and its communicated long term objectives.

Separation of roles of Chair and CEO

For the year ended 30 June 2010 until 4 January 2010 the roles of Chairman and CEO were separate.

Following the resignation of Dr S Phua on 4 January 2010 the role of CEO was combined with that of Chair with the appointment of Mr N Weston as Executive Chair.

In view of the size of the Company, the nature of its activities and the difficulties it has faced following the Leggett era, the Board considers that the skills, experience, qualifications of the Executive Chair is consistent with the long term interests of the Company. The Board will continue to monitor the requirements for separation of the roles of Chair and CEO in the context of the Company's communicated long term objectives.

The Board has based upon its overall assessment of the factors facing the company elected not to continue to adopt Recommendation 2.3 until it is advantaged by doing so and will continue to monitor the requirements of this recommendation.

Establishment of Nomination Committee

Agenix has elected not to adopt Recommendation 2.4 as it considers that its existing selection and appointment practices, detailed within this Statement, are an efficient means of meeting the needs of the Company, particularly having regard to the fact that Agenix is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

The Agenix Board currently consists of three (3) members. It is considered further division of the Board for the purposes of establishing a formal committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the Agenix Board, and the nature of its business, means that Agenix has the present capacity to consider directors competencies, selection and nomination practices in the context of duly constituted meetings of the Board and as a part of its self evaluation processes.

Board Performance Evaluation

The Board has adopted an on-going, self evaluation process to measure its own performance and the performance of its committee during the reporting period.

The Chairman meets periodically with the individual directors to discuss the performance of the Board and the director. In addition, an evaluation is undertaken by the Chairman of the contribution of directors retiring by rotation prior to the Board endorsing their candidature.

The review process involves consideration of all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

A performance evaluation for the Board, its committees and directors took place during the reporting period in accordance with the process detailed within this statement. This evaluation resulted in the Board not supporting the re-election of Mr J Zhang as a Director.

The outcomes of the self assessment program are used to enhance the effectiveness of individual directors and the Board collectively.

Enhanced effectiveness of the Board and management is also addressed through:

Board Meetings

The frequency of Board meetings and directors' attendance at those meetings is detailed within the Directors' report. Directors are expected to prepare for the meetings in a manner which will enable them to attend and participate at the meeting.

Directors are also required to make on-site visits and attend workshops as required.

Induction Program

Procedures for induction of new directors are in place to allow new directors to participate fully and actively in board decision making at the earliest opportunity.

All directors are offered an induction program appropriate to their experience upon appointment so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the Board. This program consists of written background material on the Company, its products, services and operations, scheduled meetings with the Chairman and CEO or Executive Chairman of the Company.

Director Education

The Board encourages directors to continue their education by participating in applicable workshops and seminars and attending site visits and undertaking relevant external education.

The Company Secretary provided directors with on-going guidance on matters such as corporate governance, the Company's constitution and the law.

Board Briefings and Agendas

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board is addressed.

Prior to each meeting, Directors receive financial, operational and strategy reports from senior management who are available to discuss reports with the Board.

Access to information

All directors have access to company records and information, and receive regular detailed financial and operational reports from senior management.

The Company Secretary is available to all Directors and may be consulted on on-going issues of corporate governance, the Agenix constitution and the law. In addition the Executive Chairman and other non executive Directors consult with each other and the Chief Financial Officer, and may confer and request additional information from any Agenix employee or consultant. Management are available to discuss reports, and any issue arising, with the Board as required.

The Board collectively, each Board Committee and each individual Director has the right, following appropriate consultation, to seek independent professional advice at Agenix's expense to help them carry out their responsibilities.

Term of Office, skills, experience and expertise of each director

The qualifications, experience and expertise of the directors, and the respective terms of office held by individual directors, are set out in the Directors Report contained within the 2010 Agenix Annual Report.

Independent Professional Advice

Agenix has in place a procedure whereby, after appropriate consultation, directors are entitled to seek independent professional advice, at the expense of Agenix, to assist them to carry out their duties as directors. The policy of Agenix provides that any such advice is made available to all directors.

Procedure for Selection and Appointment of New Directors

The process for appointing a director with Agenix is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following the appointment.

Consistent with current law there is no retirement age for directors fixed by the *Corporations Act 2001 (Cth),* ASX Listing Rules, although a person of or over the age of seventy-two (72) years of age may not be appointed or re-appointed as a director except pursuant to a resolution of the Company in accordance with the Company's Constitution.

The process for re-election of a director is in accordance with the Company's Constitution, which requires that each year, at least one-third of the non-executive directors retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

Principle 3: Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1:

Establish a code of conduct and disclose the code or a summary of the code as to the:

- **practices necessary to maintain confidence in the company's integrity**
- **practices necessary to take into account their legal obligations and the reasonable expectations of shareholders; and**
- **responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

Recommendation 3.2:

Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Recommendation 3.3:

Provide the information indicated in the Guide to reporting on Principle 3.

Code of Conduct

Agenix is committed to the operation of its business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the Company and the industry in which it operates.

The Board has approved a *Code of Conduct* which applies to all directors, executives, management and employees without exception.

The Code of Conduct is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all Agenix directors, executives, management and employees in the context of their respective roles and the performance of their duties with Agenix.

- directors, executives, management and employees are aware of their responsibilities to Agenix under the terms of their appointment or contract of employment; and

- all of the stakeholders of the Company can be guided by the stated values and policies of Agenix.

In summary, the Code provides that all directors and senior executives must:

- act honestly, in good faith and in the best interests of the company;
- use due care, skill and diligence in fulfilling their duties;
- use the power of their position for a proper purpose, in the interest of the company;
- not make improper use of information acquired by virtue of their position
- not allow personal interest, or those of associates, to conflict with the interest of the company;
- exercise independent judgement and actions;
- maintain the confidentiality of company information acquired by virtue of their position;
- not engage in conduct likely to bring discredit to the company; and
- comply at all times with both the spirit and the letter of the law, as well as, policies of the company.

Directors of the company may act in a professional capacity for the Company or its controlled entities, other than as auditor of the Company. These arrangements are subject to the restrictions of the *Corporations Act 2001 (Cth).*

Disclosure of related party transaction is set out in the Notes to the Financial Statements

Under the Constitution of the Company and the *Corporations Act 2001 (Cth),* where the possibility of a conflict of interest exists and involves a director, directly or indirectly, the director must declare that fact, nature, character and extent of the conflict at the first meeting of directors held after the relevant facts come to the director's knowledge.

The director concerned does not receive copies of the relevant Board papers, if any, and withdraws from the Board meeting while such matters are considered by the remainder of the Board. Accordingly, the interested director takes no part in discussions nor exercises any influence over other members of the Board if a potential conflict of interest exists.

In addition, Agenix has developed a series of policies designed to promote ethical and responsible decision making by directors, executives, management, employees and contractors of the Company including:

- Share Trading Policy;
- Market Disclosure Policy;
- Privacy Policy;
- Occupational Health and Safety Policy;
- Environmental Policy
- Code of Conduct;
- Risk and Assurance Framework; and
- Whistleblower Policy

Employees are actively encouraged to report activities or behaviour to senior management, the Company Secretary or the Board, which are in breach of the Code of Conduct, other Agenix policies or regulatory requirements or laws.

The Company will investigate any concerns raised in a manner that is fair, objective and affords natural justice to all people involved. The Company is committed to making necessary changes to its processes and taking appropriate action in relation to any directors or employees found to have behaved contrary to legal and company standard requirements.

Trading Policy

Directors, senior executives and employees are subject to the *Corporations Act 2001 (Cth)* relative to restrictions applying for, acquiring and disposing of securities in, or other relevant products of, the Company (or procuring another person to do so) if they are in the position of inside information.

Inside information is that information which is not generally available and which if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in the Company.

Under the Agenix trading policy, directors, senior executives and employees of the Company are restricted from trading in the Company's securities during the period of one (1) month preceding the making of an announcement to the market by the Company relating to:

- Company's Annual results
- Company's Half Year results; and
- Chairman's Address

The Company notifies the ASX of any change in a director's interests in securities, and in contracts relevant to securities, as required by ASX Listing Rules.

Principle 4: Safeguard integrity of financial reporting.

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1:

The Board should establish an audit committee

Recommendation 4.2:

Structure the committee so that it:

- **consists of only non executive directors;**
- **consists of a majority of independent directors**
- **is chaired by an independent chair, who is not chair of the board; and**
- **has at least three (3) members.**

Recommendation 4.3:

The audit committee should have a formal charter

Recommendation 4.4:

Provide the information indicated in the Guide to reporting on Principle 4.

Establishment of Audit Committee

The Agenix Board had an established Audit Committee which continued to provide assistance to the Board in accordance with its established terms of reference.

Agenix complied with Recommendation 4.2 regarding the elements relating to a majority of independent directors and the desired number of members of the audit committee until the appointment of Mr N Weston as executive chairman on 4January 2010, Agenix did not comply with Recommendation 4.2 from that date.

Effective, 31 March 2010, the Board determined, that given the size of the current Board and that all directors are entitled to attend the Audit committee meetings, by virtue of their appointment or standing invitation that is was more practical to encompass the tasks of the audit committee during normal meetings of the Board.

The small size of the Agenix Board, the nature of its business and its management structure, means that Agenix has the present capacity of giving due consideration to the overall audit committee policies and strategies of the Company during the conduct of its regular board meetings.

The Board considers that the technical skills, qualifications and experience represented by the involvement of members Mr C McNamara, Mr N Weston and Mr A Lee are most suited to the effective discharge of these responsibilities.

This approach, which is more suitable for the size of the company, results in the Company not meeting the strict interpretation of Recommendation 4.1.

The Board, will, however, continue to monitor the requirements of this recommendation in the context of the Company's prevailing position and circumstances.

Audit Committee – Terms of Reference

Notwithstanding, the Agenix Audit Committee role and responsibilities, composition, structure and membership requirements are detailed in a formalised charter comprising the Audit Committee – Terms of Reference.

The principal functions of the Agenix Audit Committee as detailed within the Terms of Reference are to:

- review the annual and half year financial reporting carried out by Agenix;
- review the accounting policies of Agenix;
- review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits;
- oversee the independence of external auditors and determining procedures for the rotation of audit partners; and
- report to the Board on the effectiveness of Agenix's systems of accounting and internal controls.

Reflecting the relative small size of the Company, the full Board remain responsible for:

- the sufficiency of, and compliance with, ethical guidelines and company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;
- identification of the full range of actual or potential risk exposures which are material to Agenix; and
- the effectiveness of the group's risk management systems and strategies.

Meetings

The audit committee meetings are incorporated into normal board meetings.

Reporting

The Board Members converse as and when required on matters relevant to the audit function.

Engagement and Rotation of External Auditor

The Board is responsible for nominating the external auditor to the Board for reappointment. If the Board recommends a change in external auditor, the Board's nomination of external auditors requires shareholder approval. The Board approves the compensation of the external auditor.

The Board meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on scope, quality and independence of the audit.

It has been determined by the Board that the external auditor will not provide services to the Company where the auditor would:

- have a mutual or conflicting interest with the Company;
- be in a position where they audit their own work;
- function as management of the Company; or
- have their independence impaired or perceived to be impaired in any way.

Specifically, the external auditor will not normally provide the following types of services to the Company:

- bookkeeping or other services relating to the accounting records of the Group;
- financial information or information technology systems design or implementation;
- appraisal and valuation services, fairness opinions or contributions in kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
- broker or dealer services, investment advisor, corporate finance or investment banking services; and
- legal and litigation support services.

Procedures are in place governing approval of any non audit work before the commencement of any engagement.

The Board has elected to adopt a policy which is consistent with the primary and secondary rotation obligations regarding auditors such that:

- the lead or review audit partner's responsibilities may not be performed by the same person for longer than five (5) consecutive years ("primary rotation obligation"); and
- the lead or review audit partner's responsibilities may not be performed by the same person for more than five (5) out of seven (7) consecutive years ("secondary rotation obligation").

In addition, the Board requires a minimum of two (2) consecutive years "cooling off" period before an auditor undergoing rotation can return to playing a significant role in the audit of the Company.

Mr Paul Gallagher of BDO Audit (QLD) Pty Limited was the lead audit partner for Agenix for the year ended 30 June 2010.

As a result of a reorganisation by BDO, BDO (QLD) resigned as auditor at the 2009 Annual General Meeting and BDO Audit (QLD) Pty Limited was appointed. For all intents and purposes the Board considers that the length of service pursuant to the primary and secondary rotations has continued notwithstanding the reorganisation by BDO.

Details of the members of the Audit Committee

The Board's Audit Committee consists of:

Mr Christopher McNamara (Chairman)
Mr Anthony Lee Vui Han (Lee)
Mr N Weston

The lead signing and review External Audit Partner attend that part Board meetings pertaining to audit matters by standing invitation.

The qualifications of each board member are set out in the Directors' Report contained within the Agenix 2010 Annual Report.

Number of Meetings and Names of Attendees

The number of meetings held during the reporting period and the attendees at those meetings is detailed within in the Directors' Report contained within the Agenix 2010 Annual Report.

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.

Recommendation 5.2:

Provide the information indicated in the Guide to reporting on Principle 5.

Policies and procedures regarding disclosure requirements

The Agenix Board is committed to keeping its shareholders, and the market, fully informed of major developments having an impact on the Company.

Comprehensive procedures are in place to identify matters that are likely to have a material effect on the price, or value of the Agenix securities and to ensure those matters are notified to the ASX in accordance with ASX disclosure requirements.

Senior management and the Board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of the Company's shares listed on the ASX.

The Company Secretary is responsible for all communications with the ASX.

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1:

Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation by them at general meetings.

Recommendation 6.2:

Provide the information in the Guide to reporting on Principle 6.

Shareholder Communication Policy

Agenix recognises the rights of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

Agenix is committed to:

- dealing fairly, transparently and openly with both current and prospective shareholders;
- the use of available channels and cost effective technologies to reach shareholders who may be geographically dispersed and in order to communicate with all shareholders; and
- facilitating participation in shareholder meetings and dealing promptly with shareholder enquiries.

Agenix communicates information to shareholders through:

- the annual report;
- disclosures to the ASX and ASIC;
- notices and explanatory memorandum of annual general meetings and general meetings;
- occasional letters from the Chief Executive Officer and subsequently the Executive Chairman to inform shareholders of key matters of interest; and
- the Company's website on the internet at **www.agenix.com**

The Board encourages active participation by shareholders at each Annual General Meeting, or other general meetings, to ensure a high level of accountability and understanding of Agenix's strategy, performance and goals.

Consistent with best practice, important issues are presented to shareholders as single resolutions expressed in plain, unambiguous language. Proceedings are held in a locality, and at a readily accessible venue, conducive to maximising the number of shareholders present, and able to participate, at the meeting. Shareholders are provided with opportunities of asking the Board questions regarding the management of the Company.

Principle 7: Recognise and manage risk.

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2:
The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Recommendation 7.3:

The board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Oversight and Management of Material Business Risks

The Board of Agenix:

- recognise that effective management of risk is an integral part of good management and vital to the continued growth and success of Agenix;

- is responsible for the oversight of the Group's risk management and control framework including the development of risk profiles as part of the overall business and strategic planning process; and

- has implemented a policy framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an ongoing basis, and that adequate controls are in place and functioning effectively.

The Agenix risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address the Company's unique operating environment and is utilised by the Board as a means of identifying opportunities and avoiding or mitigating losses in the context of its business.

The Audit Committee assist the Board in its risk management role by reviewing the financial and reporting aspects of the Group's risk management and control practices.

The Chief Executive Officer and subsequently the Executive Chairman has ultimate responsibility for the control and management of operational risk and the implementation of avoidance or mitigation measures within the Group and may delegate control of these risks to the appropriate level of management at each location.

The Board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Management has reported to the Board on the effectiveness of the Company's management of its material business risks in respect of the year ended 30 June 2010. This report was undertaken in accordance with the process outlined in this Statement.

CEO and CFO Assurance

The Chief Executive Officer and the Chief Financial Officer of Agenix report annually in writing to the Board that:

- consolidated financial statements of Agenix and its controlled entities for each subsequent half year and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards; and

- declarations provided in accordance with Section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer equivalent under Recommendation 7.3 in respect of the year ended 30 June 2010. This assurance was provided in accordance with the process outlined in this Statement.

Principle 8: Remunerate fairly and responsibly.

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1:

The Board should establish a remuneration committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Establishment of Remuneration Committee

Given the nature and size of the Company's operations, the Board has decided against the use of a separate remuneration committee. In accordance with Recommendation 8.1. This function is undertaken by the full Board.

The Agenix Board currently consists of three (3) members. It is considered that further division of the Board for the purpose of convening formal remuneration committee meetings would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the Agenix Board, the nature of its business and its management structure, means that Agenix has the present capacity of giving due consideration to the overall remuneration policies and strategies and strategies of the Company during the conduct of its regular board meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

Executive director and Non Executive director remuneration

The aggregate remuneration of non executive directors is approved by shareholders.

Individual directors' remuneration is determined by the board within the approved aggregate total. In determining the appropriate level of director's fees, data from surveys undertaken of other public companies similar in size or market section to Agenix is taken into account.

Non executive directors of Agenix are:

- not entitled to participate in performance based remuneration practices unless approved by shareholders.
- Currently remunerated by means of the payment of cash benefits in the form of directors' fees.

Agenix does not currently have in place a retirement benefit scheme or allowance for its non executive directors, except for the payment of superannuation currently equal to nine percent (9%) as required by law.

A review of the compensation arrangements for the Chief Executive Officer/Executive Chairman and Senior Executives is currently conducted by the full Board at a duly constituted Directors' Meeting. The review is performed annually and is based upon criteria including individual performance, market rates paid for similar positions and the results of the Company during the relevant period.

The broad remuneration policy objective of Agenix is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest possible quality and standard to enable the organisation to succeed.

The Agenix Employee Share Option Plan ("ESOP") has been approved by shareholders and provides the Board with the discretion to grant options and provide loans to eligible executives for the purpose of acquiring options and shares pursuant to the plan rules.

The Board ensures that the payment of equity based executive remuneration is made in accordance with thresholds established by the ESOP and exercises its discretion under the scheme in a manner consistent with the broad remuneration policy objectives of the Company.

Agenix is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance, in its annual report and pursuant to continuous disclosure requirements.

Policy Disclosure

The Company's policies relating to the remuneration of Directors and Senior Executives and the level of their remuneration are detailed in the Directors' Report contained within the Agenix 2010 Annual Report and Notes to and forming part of the 2010 Financial Statements.

.

AGENIX LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 $	2009 $
Revenue from continuing operations	2(a)	6,185	179,945
Raw materials and consumables used	3(a)	-	(169,861)
Other Income	2(b)	46,852	2,475,015
Corporate redundancies & termination payments	3(f)	-	(158,315)
Depreciation and amortisation expense	3(e)	(16,135)	(53,160)
Employee benefit expense	3(f)	(683,956)	(1,437,395)
Finance costs	3(c)	(105,237)	(167,785)
Foreign currency translation differences	3(d)	(149,619)	(126,453)
Gain/(Loss) on disposal of business unit	3(h)	-	3,322,398
Revaluation decrement of financial assets	3(h)	-	(7,673,392)
Occupancy and administrative expenses		(1,064,849)	(1,610,126)
Research & development expenses	3(b)	(141,071)	(1,267,281)
Share based payment expense	3(f)	(10,517)	(113,494)
Surplus lease space		-	(217,381)
Revaluation increment of financial assets	3(h)	4,597,065	-
Profit (Loss) before Income Tax		2,478,718	(7,017,285)
Income Tax Expense	4	(531)	(2,229)
Profit (Loss) from Continuing Operations		2,478,187	(7,019,514)
Profit (Loss) from Discontinued Operations	5	-	(934,822)
Profit (Loss) for the year		2,478,187	(7,954,336)
Other Comprehensive Income			
Exchange differences on translating foreign controlled entities		(28,203)	12,465
Other Comprehensive Income for the year, net of tax		(28,203)	12,465
Total Comprehensive Income for the year		2,449,984	(7,941,871)
Profit (Loss) is attributed to Owners of Agenix Limited		2,478,187	(7,954,336)
Total Comprehensive Income is attributed to:			
Owners of Agenix Limited		2,449,984	(7,941,871)
Overall Operations			
Basic and diluted earnings per share (cents per share)		0.054	(1.836)
Continuing Operations			
Basic and diluted earnings per share (cents per share)		0.054	(1.620)
Discontinued Operations			
Basic and diluted earnings/(loss) per share (cents per share)		0.000	(0.216)

The accompanying notes should be read in conjunction with these financial statements.

AGENIX LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,736,817	62,715
Trade and other receivables	9	10,642	9,805
Prepayments	10	28,833	23,337
Other Financial assets	11	3,992,189	2,507,125
TOTAL CURRENT ASSETS		5,768,481	2,602,982
NON-CURRENT ASSETS			
Property, plant and equipment	13	33,965	45,893
Intangible assets	14	-	-
TOTAL NON-CURRENT ASSETS		33,965	45,893
TOTAL ASSETS		5,802,446	2,648,875
CURRENT LIABILITIES			
Trade and other payables	15	1,472,798	2,065,814
Financial Liabilities	16	1,175,485	514,795
Short-term provisions	17	58,635	58,635
Current tax liabilities	18	531	2,229
TOTAL CURRENT LIABILITIES		2,707,449	2,641,473
NON-CURRENT LIABILITIES			
Trade and other payables	15	248,598	498,294
TOTAL NON-CURRENT LIABILITIES		248,598	498,294
TOTAL LIABILITIES		2,956,047	3,139,767
NET ASSETS		2,846,399	(490,892)
EQUITY			
Issued capital	19	72,139,941	71,263,151
Share based payment reserve	20	4,529,248	4,518,731
Foreign currency translation reserve	20	6,359	34,562
Accumulated losses		(73,829,149)	(76,307,336)
TOTAL EQUITY		2,846,399	(490,892)

The accompanying notes should be read in conjunction with these financial statements.

AGENIX LIMITE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Group

	Note	Ordinary	Accumulated losses	Share based payment reserve	FX translation reserve	Total equity
		$	$	$	$	$
Balance at 1 July 2008		71,063,151	(68,353,000)	4,405,237	22,097	7,137,485
Total Comprehensive Income for the year:						
Profit (Loss) for the year		-	(7,954,336)	-	-	(7,954,336)
Other Comprehensive Income:						
Foreign currency translation reserve differences		-	-	-	12,465	12,465
Total Comprehensive Income for the year		-	(7,954,336)	-	12,465	(7,941,871)
Transactions with owners in their capacity as owners:						
Shares issued during the year, net of transaction costs		200,000	-	-	-	200,000
Share based payments		-	-	113,494	-	113,494
		200,000	-	113,494	-	313,494
At 30 June 2009	19,20	71,263,151	(76,307,336)	4,518,731	34,562	(490,892)
Total Comprehensive Income for the year:						
Profit (Loss) for the year		-	2,478,187	-	-	2,478,187
Other Comprehensive Income:						
Foreign currency translation reserve differences		-	-	-	(28,203)	(28,203)
Total Comprehensive Income for the year		-	2,478,187	-	(28,203)	2,449,984
Transactions with owners in their capacity as owners:						
Shares issued during the year, net of transaction costs		876,790	-	-	-	876,790
Share based payments		-	-	10,517	-	10,517
		876,790	-	10,517	-	887,307
At 30 June 2010	19,20	72,139,941	(73,829,149)	4,529,248	6,359	2,846,399

The accompanying notes should be read in conjunction with these financial statements

AGENIX LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group	
		2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		44,687	175,335
Insurance recoveries		-	520,000
Payments to suppliers and employees		(2,144,190)	(3,504,977)
Payments relating to ThromboView® project		(155,055)	(1,121,351)
Interest received		9,186	75,477
Borrowing costs		-	(26,301)
Finance costs		(46,172)	(199,234)
Net cash provided by (used in) operating activities	8	(2,291,544)	(4,082,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	100,422
Proceeds from sale of discontinued operations	5	-	835,000
Proceeds arising from settlement deed in respect of China	11	2,870,175	662,204
Purchase of property, plant and equipment	13	(4,347)	-
Net cash provided by (used in) investing activities		2,865,828	1,597,626
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	200,000
Proceeds from issue of convertible notes	16	1,100,000	500,000
Repayment of borrowings		-	(1,885,308)
Net cash provided by (used in) financing activities		1,100,000	(1,185,308)
Net increase in cash held		1,674,284	(3,669,733)
Cash at beginning of financial year		62,715	3,864,887
Cash held by SHRG no longer controlled by consolidated entity		-	(132,375)
Effect of exchange rate of cash held in foreign currencies		(182)	(64)
Cash at end of financial year	8	1,736,817	62,715

The accompanying notes should be read in conjunction with these financial statements

Note 1: Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Agenix Limited and controlled entities ('Consolidated Group' or 'Group'). Amendments to the Corporations Act 2001 with effect from 28 June 2010 requires that Agenix Limited as the individual parent entity ('Parent Entity') to include its abridged financial statements in the notes of Agenix Limited and controlled entities.

Agenix Limited is a public company limited by shares, incorporated and domiciled in Australia and listed on the Australian Stock Exchange.

The financial report was authorised for issue on 30 August 2010 by the board of directors.

Basis of Preparation

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

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements comply with International Financial Reporting Standards (IFRS).

Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013). These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

Note 1: Statement of Significant Accounting Policies (cont'd)

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. . These amendments are not expected to impact the Group.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Note 1: Statement of Significant Accounting Policies (cont'd)

The financial statements have been prepared on an accruals basis and are based on historical costs, except for certain financial assets that have been measured at fair value.

a. **Principles of Consolidation**

A controlled entity is any entity over which Agenix Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Investments in subsidiaries are carried at cost, less impairments in the separate financial statements of the parent.

A list of controlled entities is contained in Note 12 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Costs directly attributable to the acquisition of the business combination are expensed as incurred to the Statement of Comprehensive Income. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in the Statement of Comprehensive Income.

Note 1: Statement of Significant Accounting Policies (cont'd)

b. Income Tax

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

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

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

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

Tax Consolidation

Agenix Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity, Agenix Limited. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 April 2004.

Note 1: Statement of Significant Accounting Policies (cont'd)

c. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5%–33%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. **Leases**

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. **Financial Instruments**

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Note 1: Statement of Significant Accounting Policies (cont'd)

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, using the effective interest rate method, less any impairment losses.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Note 1: Statement of Significant Accounting Policies (cont'd)

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value may determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. Discounted cash flow models are used for financial assets at fair value through the Profit or Loss.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Note 1: Statement of Significant Accounting Policies (cont'd)

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

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

f. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

g. **Intangibles**

Intellectual Property

Intellectual property is recognised at cost of acquisition. Intellectual property is carried at cost less any accumulated amortisation and any impairment losses. The life of the intellectual property is assesses on an annual basis.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years. Patents relating to the research phase of a project are expensed at the time of incurring the cost, as the future value of the patent cannot be determined.

Software

Software is capitalised at cost at time of acquisition and is amortised over its effective useful life on a straight line basis. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The effective useful life of Software is 1 to 5 years.

Note 1: Statement of Significant Accounting Policies (cont'd)

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

h. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

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

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

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

i. **Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised in the Statement of Comprehensive Income and classified as Other Comprehensive Income.

j. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Note 1: Statement of Significant Accounting Policies (cont'd)

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

k. **Provisions**

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

l. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

m. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

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

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

n. **Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

o. **Goods and Services Tax and foreign based Value Added Tax**

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the appropriate Taxation Authority. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST or VAT.

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

p. **Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Note 1: Statement of Significant Accounting Policies (cont'd)

q. **Comparative Figures**

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

r. **Critical Accounting Estimates and Judgments**

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

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The group has revalued the financial asset in relation to receivable from China to that amount which it reasonably estimates that it will recover. Notwithstanding, the group has reserved its right to commence proceedings to recover its full entitlements.

Key Estimates — Judgements

The carrying amounts of certain assets and liabilities are often determined based assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black- Scholes option pricing model, using the assumptions detailed in note 26.

Deferred Tax Asset

The recognition of a deferred tax asset associated with carried forward tax losses cannot be justified on the basis that recovery in the future is not certain at this time.

Research and Development

Research & Development expenditure cannot be capitalised because management has determined that technological and economic feasibility is not confirmed and that carrying values may not be recoverable.

Note 2: Revenue

	Note	Consolidated Group	
		2010 **$**	**2009** **$**
(a) Revenue			
— sale of goods		-	179,945
— royalties		6,185	-
Total Revenue		6,185	179,945
(b) Other Income			
— Net unrealised foreign exchange gains	11	-	1,789,146
— Insurance recoveries		-	520,000
— Interest received - bank		9,186	75,477
— Gain (Loss) on disposal of property, plant and equipment		-	74,170
— Other		37,666	16,222
Total Other Income		46,852	2,475,015

Note 3: Expenses

		Note	Consolidated Group	
			2010 $	2009 $
	Expenses			
a.	**Raw materials and consumables used**		-	169,861
b.	**Research & Development**			
	ThromboView®		141,071	1,263,189
	Other		-	4,092
			141,071	1,267,281
c.	**Finance costs**			
	External		105,237	167,785
			105,237	167,785
d.	**Foreign Exchange**			
	Realised foreign currency translation losses		-	126,453
	Unrealised foreign currency translation losses (net)		149,619	-
			149,619	126,453
e.	**Depreciation and Amortisation**			
	Depreciation of non-current assets	13	16,135	27,054
	Amortisation of non-current assets	13	-	26,106
			16,135	53,160
f.	**Employee benefit expense**			
	Wages and salaries		657,761	1,404,838
	Compulsory superannuation and pension contributions		26,195	31,992
	Long service leave provision		-	565
			683,956	1,437,395
	Share based payment expense		10,517	113,494
	Corporate restructure – redundancies	3h.	-	158,315
			694,473	1,709,204
g	**Rental Expense on operating leases**			
	Minimum lease payments		30,233	365,741
h.	**Significant Revenue and Expenses**			
	Gains			
	Revaluation increment of financial assets	11	4,597,065	-
	Gain/(Loss) on disposal of business unit		-	3,322,398
			4,597,065	3,322,398
	Expenses			
	Corporate restructure – redundancies	3f.	-	158,315
	Revaluation decrement of financial assets		-	7,673,392
			-	7,831,707

Note 4: Income Tax Expense

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
The prima facie tax, using tax rates applicable in the country of operation, on profit (loss) differs from the income tax provided in the financial statements as follows:			
Profit (Loss) before tax from continuing operations		2,478,718	(7,017,285)
Profit (Loss) before tax from discontinued operations		-	(934,822)
Profit (Loss) before Tax		2,478,718	(7,952,107)
Prima facie tax on profit (loss) from ordinary activities before income tax at 30% (2009: 30%)		743,615	(2,385,632)
Tax effect of:			
— share based expense payments during year		3,115	34,038
— (Profit)/loss on discontinued operations		-	280,447
— Other non allowable items		44,883	1,937
— research and development concession		-	(57,410)
— non assessable income –revaluation of financial asset		(1,379,120)	-
Deferred tax assets not brought to account as recoverability is not certain		588,038	2,128,849
Income tax expense attributable to the entity		531	2,229
Income Tax Expense		531	2,229
Income Tax Expense attributed to discontinued operations		-	-
		531	2,229
Income tax expense represents the amount due in respect of taxation due in Singapore which is not part of the Tax consolidation group.			
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:			
Temporary differences within 12 months		9,000	114,672
Operating losses		59,598,265	57,638,138
Capital tax losses:		21,484,814	21,484,814

Note 5: Discontinued Operations

Financial information relating to the discontinued operation to the date of disposal is set out below and at Note 25 Segment Reporting

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from discontinued operations per the Statement of Comprehensive Income is as follows:

	Consolidated Group 2010		Consolidated Group 2009	
	Medical diagnostics $	Total $	Medical diagnostics $	Total $
Revenue	-	-	-	-
Other income	-	-	-	-
Expenses	-	-	(934,822)	(934,822)
Profit (Loss) before income tax	-	-	(934,822)	(934,822)
Income tax expense	-	-	-	-
Profit on disposal of discontinued operations before income tax	-	-	-	-
Income tax expense applicable to discontinued operations	-	-	-	-
Profit (loss) on disposal of discontinued operations after income tax	-	-	-	-
Total profit after tax attributable to the discontinued operation	-	-	(934,822)	(934,822)

Note 5: Discontinued Operations (cont'd)

	Consolidated Group 2010		Consolidated Group 2009	
	Medical diagnostics $	**Total $**	**Medical diagnostics $**	**Total $**
The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:				
Net cash inflow/(outflow) from operating activities	-	-	(57,750)	(57,750)
Net cash inflow from investing activities	-	-	835,000	835,000
Net cash (outflow)/inflow from financing activities	-	-	-	-
Net cash increase in cash generated by the discontinuing division	-	-	777,250	777,250
Gain (Loss) on disposal of the divisions included in gain (loss) from discontinued operations per the Statement of Comprehensive Income.	-	-	(934,822)	(934,822)
Asset disposals and liabilities to be settled:				
Assets				
Current receivables	-	-	-	-
Non-current receivables	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Trade and other payables	-	-	-	-
Provisions	-	-	-	-
Total liabilities	-	-	-	-
Net assets	-	-	-	-

Note 5: Discontinued Operations (cont'd)

	Consolidated Group 2010		Consolidated Group 2009	
	Medical diagnostics $	Total $	Medical diagnostics $	Total $
Reconciliation of movements in assets and liabilities				
Assets				
Balance at beginning of year	-	-	1,695,000	1,695,000
Amount received trade receivables	-	-	-	-
Amount received (net of prompt payment discount)	-	-	(777,250)	(777,250)
Amortisation/Impairment of assets subject to conditional milestones not transferred on sale	-	-	(690,501)	(690,501)
Write back capitalised expenditure in relation to assets not transferred on sale	-	-	(227,249)	(227,249)
	-	-	-	-
Liabilities				
Balance at beginning of year	-	-	103,716	103,716
Amount acquitted trade payables	-	-	-	-
Provisions transferred to continuing operations due to retention of employee	-	-	(103,716)	(103,716)
	-	-	-	-

Note 5: Discontinued Operations (continued)

Medical Diagnostics

As reported in the 2007 Annual Report the Company disposed of its in vitro diagnostic businesses in respect of both Human and Animal Health in line with the Company's long term focus and strategy. Under the terms of Sale, proceeds were received over the period of the contract, subject to milestones being achieved. The milestones were not achieved in the previous year and therefore the amount due to the Company pursuant to the Sale Contract had been reduced to the actual amount payable under the terms of the contract of sale. A prompt payment discount was negotiated with the purchaser during the previous year to finalise the completion of the sale contract.

Medical Diagnostics – Agen Biomedical

Animal Health in vitro diagnostic business

The Company had disposed of its Animal Health business in 2007.The Animal Health in vitro diagnostic operations is reported under "Medical diagnostics".

Human Health in vitro diagnostic business

The Company had disposed of Human Health business in 2007. The disposal is in line with the Company's long-term focus and strategy. The Human Health in vitro diagnostic operations is reported under "Medical diagnostics".

The sale of all the above business units was completed during the year ended 30 June 2009.

Impairment Loss

An impairment loss amounting to $678,502 relating to plant and intellectual property within the discontinued operations was recognised as an expense for the year ended 30 June 2009.

Note 6: Auditors' Remuneration

	Note	Consolidated Group 2010 $	2009 $
Remuneration of the auditor of the parent entity for:			
— auditing or reviewing the financial statements		12,892	85,000
Remuneration of other auditors of subsidiaries for:			
— auditing or reviewing the financial statements of subsidiaries		7,922	9,694
		20,814	94,694

Note 7: Parent Entity Information

The *Corporations Act* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Agenix Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1.

Parent entity	**2010 $**	**2009 $**
Current assets	170,776	19,915
Non-current assets	2,994,851	2,507,125
Total assets	3,165,627	2,527,040
Current liabilities	1,852,159	1,191,831
Non-current liabilities	-	-
Total liabilities	1,852,159	1,191,831
Net assets	1,313,468	1,335,209
Equity		
Issued capital	72,139,941	71,263,151
Share based payment reserve	4,529,248	4,518,731
Foreign currency translation reserve	6,359	-
Accumulated losses	(75,362,080)	(74,446,673)
Total equity	1,313,468	1,335,209
Profit/(loss) for the year	(915,407)	(5,609,103)
Other comprehensive income for the year	(6,359)	-
Total comprehensive income for the year	(921,766)	(5,609,103)

Note 7: Parent Entity Information (cont'd)

Guarantees

Agenix Limited and its Australian controlled entities have entered into a Deed of Cross Guarantee.

The parties to the Deed of Cross Guarantee are:

AGEN Limited
Agen Biomedical Limited
Resource & Industry Limited
Jemaka Pty Limited

The effect of the Deed is that Agenix Limited has guaranteed to pay any deficiency in the event of the winding up of the Australian controlled entities and the Australian controlled entities have guaranteed to pay any deficiency in the event of winding up of Agenix Limited. Agen Inc, Vector Medical Solutions, Inc., Agenix Asia Pacific Pte. Ltd and Agenix Biopharmaceutical (Shanghai) Company Limited, each being overseas subsidiaries are not subject to the Deed of Cross Guarantee.

Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2010 (2009 - $nil).

Contingent liabilities

At the date of this report no contingent liability exists in relation to the Deed of Cross Guarantee.

The following contingent liability exists in respect of the OKS AGX subscription deed:

	2010	2009
	$	$
Agenix Limited raised $5Million from a placement of 41,666,667 shares under a Subscription Deed on 18 March 2008. The company has been requested to confirm that it is not in breach of certain warranties within the Deed, which the Company has confirmed. Although communication with the Subscriber indicates that no immediate action will be taken, should ultimately successful litigation be taken against the Company in respect of the Deed the company may be required to repatriate the full subscription of $5 Million.	5,000,000	5,000,000

Note 8: Cash and Cash Equivalents

	Note	Consolidated Group 2010 $	2009 $
Cash at bank and in hand		432,601	62,715
Deposits at Call	(a)	1,304,216	-
Cash at bank and in hand		1,736,817	62,715

Cash at bank and in hand is non-interest bearing. Deposits at call bear floating interest rates between 1.4% and 5% (2009: Nil). These deposits have an average maturity of 9 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

	2010 $	2009 $
Cash and cash equivalents	1,736,817	62,715

Reconciliation of the net loss after tax to the net cash flows from operations

	2010 $	2009 $
Net profit/ (loss) after income tax	2,478,187	(7,954,336)
Non cash items		
Depreciation of non-current assets	16,135	27,054
Amortisation of non- current assets	-	26,106
Share based expense payments	10,517	113,494
Revaluation increment	(4,597,065)	-
Revaluation decrement	-	7,673,392
Loss on disposal of fixed assets	-	26,252
Loss (Profit) on disposal of discontinued operations	-	777,250
Unrealised net foreign currency (gains) losses	149,619	(1,789,146)
Gain on disposal of business unit	-	(3,322,398)
Other	(158,884)	508,773
Changes in assets and liabilities		
Decrease (increase) in receivables	(837)	716,330
Decrease (increase) in prepayments and other current assets	(5,496)	349,805
(Decrease) increase in payables	(842,712)	88,365
(Decrease) increase in financial liabilities	660,690	-
(Decrease) increase in provisions	-	58,635
(Decrease) increase in taxation liabilities	(1,698)	2,229
(Decrease) increase in net payables due to loss of control in respect of settlement deed	-	(669,857)
(Decrease) increase in assets and liabilities associated with assets held for sale	-	(713,999)
Net cash provided by (used in) operating activities	(2,291,544)	(4,082,051)

Note 9: Trade and Other Receivables

	Note	Consolidated Group	
		2010	2009
		$	$
Other receivables	9a	1,634	-
Australian Taxation Office	9b	9,008	9,805
		10,642	9,805

9a. **Provision For Impairment of Receivables**

All amounts receivables that are neither past due or impaired are with clients who have a good credit history based upon review of their credit status. No receivables balances are past due or impaired balances at year end.

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

9b. **Australian Taxation Office**

This represents the amount due from the Australian Taxation Office in respect of the GST system.

Note 10: Prepayments

	Note	Consolidated Group	
		2010	2009
		$	$
Prepayments		28,833	23,337

Note 11: Other Financial Assets

	Note	Consolidated Group	
		2010 **$**	**2009** **$**
CURRENT			
Financial assets at fair value through the Profit and Loss			
Opening Balance		2,507,125	-
Amount due from SHRG vendors reclassified pursuant to deed	14	-	6,667,000
Revaluation increment	3	4,597,065	-
Amount repaid under terms of deed		(2,870,175)	(662,204)
		4,234,015	6,004,796
Unrealised foreign exchange gain (loss)		(241,826)	1,789,146
		3,992,189	7,793,942
Revaluation decrement		-	(5,286,817)
Net Carrying Amount		3,992,189	2,507,125

The Deed with the SHRG vendors was not executed by all parties; notwithstanding the vendors continue to make repayments in accordance with the deed terms. The balance of monies is due for repayment within 12 months. The revaluation increment arises as a result of there now being greater certainty of recovery of the amount due.

Note 12: Controlled Entities

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2010	**2009**
Subsidiaries of Agenix Limited:			
Agenix Biopharmaceutical (Shanghai) Company Limited	Peoples Republic of China	100	100
AGEN Limited	Australia	100	100
Agen Biomedical Limited	Australia	100	100
Agen Inc.	United States	100	100
Vector Medical Solutions, Inc.	United States	100	100
Resource & Industry Limited	Australia	100	100
Jemaka Pty Limited	Australia	100	100
Agenix Asia Pacific Pte. Ltd	Singapore	100	100

** Percentage of voting power is in proportion to ownership*

Note 12: Controlled Entities (cont'd)

b. Pursuant to Class Order 98/1418 dated 5 May 1999, relief has been granted to all of the above controlled entities of Agenix Limited, that were incorporated in Australia, from the Corporations Act 2001 requirement for the preparation, audit and lodgement of their financial reports.

c. Agenix Limited and the controlled entities subject to the Class Order ("closed group") have entered into a Deed of Cross Guarantee. The effect of the Deed is that Agenix Limited has guaranteed to pay any deficiency in the event of the winding up of the controlled entities and the controlled entities have guaranteed to pay any deficiency in the event of winding up of Agenix Limited. Agen Inc, Vector Medical Solutions, Inc., Agenix Asia Pacific Pte. Ltd and Agenix Biopharmaceutical (Shanghai) Company Limited are not subject to the Deed of Cross Guarantee

The consolidated Statement of Comprehensive Income and Statement of Financial Position of the entities which are members of the closed group are as follows:

	Closed Group Parties to Deed of Cross Guarantee	
	2010 $	**2009 $**
Financial information in relation to:		
i. **Statement of Comprehensive Income**		
Profit (Loss) before income tax	(1,008,300)	(10,328,772)
Income tax expense	-	-
Profit (Loss) after income tax	(1,008,300)	(10,328,772)
Profit (Loss) attributable to members of the parent entity	(1,008,300)	(10,328,772)
Other comprehensive income	(6,359)	-
Total comprehensive income for the year	(1,014,659)	(10,328,772)
ii. **Retained Earnings**		
Retained profits (losses) at the beginning of the year	(75,321,998)	(64,993,226)
Profit (Loss) after income tax	(1,008,300)	(10,328,772)
Retained earnings at the end of the year	(76,330,298)	(75,321,998)

Note 12: Controlled Entities (cont'd)

iii. **Statement of Financial Position**

	Closed Group Parties to Deed of Cross Guarantee 2010 $	2009 $
CURRENT ASSETS		
Cash and cash equivalents	276,978	55,353
Trade and other receivables	10,642	9,805
Prepayments	26,817	24,509
Financial assets	2,275,379	2,507,125
TOTAL CURRENT ASSETS	2,589,816	2,596,792
NON-CURRENT ASSETS		
Receivables	317,352	211,723
Shares in controlled entities	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
TOTAL NON-CURRENT ASSETS	317,352	211,723
TOTAL ASSETS	2,907,168	2,808,515
CURRENT LIABILITIES		
Trade and other payables	1,079,200	1,276,907
Financial liabilities	1,175,485	514,795
Short-term provisions	58,635	58,635
TOTAL CURRENT LIABILITIES	2,313,320	1,850,337
NON-CURRENT LIABILITIES		
Trade and other payables	248,598	498,294
TOTAL NON-CURRENT LIABILITIES	248,598	498,294
TOTAL LIABILITIES	2,561,918	2,348,631
NET ASSETS	345,250	459,884
EQUITY		
Issued capital	72,139,941	71,263,151
Share option reserve	4,529,248	4,518,731
Foreign exchange translation reserve	6,359	-
Retained earnings (losses)	(76,330,298)	(75,321,998)
	345,250	459,884

Note 13: Property, Plant and Equipment

	Note	Consolidated Group 2010 $	2009 $
Plant and equipment:			
At cost		198,038	193,691
Accumulated depreciation		(164,073)	(147,798)
Accumulated impairment losses		-	-
		33,965	45,893

The useful life of assets for years 2010 and 2009 was estimated as follows:

Plant & Equipment over 3 to 20 years

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Note	Consolidated Group 2010 $	2009 $
Plant and equipment as at 1 July, net of accumulated depreciation and amortisation:		45,893	253,338
Additions		4,347	
Assets disposals (net)		-	(154,285)
Amortisation	3e.	-	(26,106)
Depreciation	3e.	(16,135)	(27,054)
Effect of movement in Exchange Rate		(140)	-
Plant and equipment as at 30 June, net of accumulated depreciation and amortisation:		33,965	45,893

Note 14: Intangible Assets

	Note	Consolidated Group 2010 $	2009 $
Intellectual property			
Cost		-	12,899,317
Further advances pursuant to contractual obligations		-	1,919,281
		-	14,818,598
Accumulated impaired losses		-	(8,151,598)
		-	6,667,000
Amount reclassified as current financial asset arising from conditional settlement agreement	11	-	(6,667,000)
Net carrying amount		-	-
Software			
Cost		156,896	156,896
Accumulated amortisation and impairment		(156,896)	(156,896)
Net carrying value		-	-
Total intangibles		-	-

On 4 June 2007 Agenix acquired 100% of the business and assets of Shanghai Rui Guang Bio-Pharma Development Co. (SHRG) and a 96% interest in Shanghai Yi Sheng Yuan Pharmaceutical Co. Ltd (YSY).The remaining 4% of YSY is owned by The Economic Association of Zhou Pu Town, Nunhui District, Shanghai.

Agenix registered a wholly owned foreign enterprise (WOFE), Agenix Biopharmaceutical (Shanghai) Co., Ltd. to act as the Chinese resident holding Company for the acquisition of the acquired Chinese assets and companies. As announced in July 2008 it became apparent that there was a legal impediment in effecting title over the assets of SHRG and YSY. The Board having sought expert opinion formed the view that the Company had full control over the assets of SHRG until July 2008 but has determined that it had no effective control over YSY since signing the acquisition agreements in accordance with the applicable accounting standards. Negotiations were commenced in July 2008 to resolve the issues surrounding the acquisition with a conditional settlement deed being executed in December 2008. The SHRG vendors failed to meet the terms of the December 2008 deed and the Board determined that it was in the best interests of members to negotiate a settlement rather than pursue litigation in China. As a result a final binding settlement deed was completed in April 2009 which extended the settlement date to November 2009. In November 2009 the SHRG vendors failed to meet their obligations under the binding deed. Again the Board entered into negotiations to effect settlement without expensive litigation. An in principle variation to the final settlement deed was reached in December 2009 however not all parties to the deed agreed to execute the Agreement. The SHRG vendors had an obligation to pay the amount of RMB 10.5Million by 11 December 2009 and failed to do so. As a result of the failure by the SHRG Vendors to meet their obligations, the Company has asserted its right to revert to and enforce the original purchase documentation whilst reserving its rights in respect of the breaches by the SHRG vendors of the final binding settlement deed. The SHRG vendors have now commenced repayments in accordance with the deed.

Note 15: Trade and other payables

	Note	Consolidated Group 2010 $	2009 $
Current			
Trade payables		261,875	332,384
Sundry payables and accrued expenses		1,210,923	1,733,430
		1,472,798	2,065,814
Non current			
Sundry payables and accrued expenses		248,598	498,294

Terms and conditions relating to trade and other payables

i. trade payables are non-interest bearing and are settled on normal commercial terms

ii. sundry payables and accrued expenses, are non-interest bearing and have an average term of 6 months

Note 16: Financial Liabilities

	Note	Consolidated Group 2010 $	2009 $
CURRENT			
Convertible notes	(i)	1,065,890	514,795
Interest bearing loans	(ii)	109,595	-
		1,175,485	514,795
Convertible Notes			
Balance 1 July		514,795	-
Proceeds received on issue of notes		1,100,000	500,000
Interest accrued on 2008/09 notes		27,780	14,795
Interest Accrued on 2009/10 notes		65,890	-
Issue of securities on conversion of notes and accrued interest	19	(642,575)	-
Balance 30 June		1,065,890	514,795

Terms and conditions relating financial liabilities

Note 16: Financial Liabilities

	Note	Consolidated Group	
		2010	**2009**
		$	**$**

i. The convertible notes bear interest at 10% per annum and $500,000 face value of the notes are due for repayment upon receipt of settlement proceeds from China or 3 September 2010.The balance of the Notes with a face value of $500,000 are due for repayment upon receipt of settlement proceeds from China or 31 December 2010. Note holders have the right, having received shareholder approval at the 2009 Annual General Meeting held on 27 August 2010 in respect of Annmac and HTC and the 2008 Annual General Meeting held on 30 October 2009 in respect of Mr. Tang to convert into ordinary shares at 0.005 cents per share on or before 3 September 2010 or 31 December 2010 respectively. On 10 August 2010, 23 August 2010 and 27 August 2010, $100,000 face value of notes each maturing on 31 December 2010 were converted to a total of 60,000,000 Ordinary Shares in accordance with the Deeds.

ii. To assist the Company overcoming the difficulties faced as a result of the failed China investment an ex-employee agreed to convert part of their entitlements to a loan with the Company .The current loan carries an interest rate of 9%, is unsecured and payable at call.

Note 17: Provisions

	Consolidated Group	
	Long Service Leave	**Total**
	$	**$**
Opening balance at 1 July 2008	58,635	58,635
Amount expensed	-	-
Balance at 30 June 2009	58,635	58,635
Amount expensed	-	-
Balance at 30 June 2010	58,635	58,635
Analysis of Total Provisions		
Current 2010	58,635	58,635
Non-current 2010	-	-
	58,635	58,635
Current 2009	58,635	58,635
Non-current 2009	-	-
	58,635	58,635

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

Note 18: Current Tax Liabilities

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
Amount due in respect of Taxation - overseas subsidiary		531	2,229

Note 19: Issued Capital

	Consolidated Group 2010 $	Consolidated Group 2009 $
495,102,169 (2009: 435,828,711) fully paid ordinary shares	77,558,904	76,682,114
Less: escrowed shares to SHRG vendors	(5,418,963)	(5,418,963)
	72,139,941	71,263,151

The company adopted a new replacement constitution at an extraordinary meeting of shareholders held on 17 April 2007. The constitution in line with current corporation laws does not require the company to have an authorised amount of capital.

		Consolidated Group			
	Note	2010 $	2009 $	2010 No.	2009 No.
1. **Ordinary shares**					
At the beginning of reporting period		71,263,151	71,063,151	435,828,711	425,828,711
Share Placement October 2008		-	200,000	-	10,000,000
Issue of shares to directors in lieu of cash remuneration October 2009		234,215	-	11,710,718	-
Issue of shares on conversion of notes December 2009	16	642,575	-	47,562,740	-
Balance as at 30 June		72,139,941	71,263,151	495,102,169	435,828,711

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 19: Issued Capital (continued)

2. **Options**

i. For information relating to the Agenix Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 26 Share-based Payments.

ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 26 Share-based Payments.

3. **Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to try to ensure that the group's gearing ratio remains between 0% and 60%. The gearing ratio in 2009 exceeded the threshold due to the Board's determination that the amount due in respect of China should be impaired. The Board implemented a strategy in 2009 to return the gearing ratio to within acceptable parameters. The gearing ratio's for the year ended 30 June 2010 and 30 June 2009 are as follows:

	Note	Consolidated Group	
		2010	**2009**
		$	**$**
Total borrowings	15,16,18	2,897,412	3,081,132
Less cash and cash equivalents	8	1,736,817	62,715
Net debt		1,160,595	3,018,417
Total equity		2,846,399	(490,892)
Total capital		4,006,994	2,527,525
Gearing ratio		28.96%	119.42%

Note 19: Issued Capital (continued)

4. **Significant Transactions after Balance Date**

On 10 August 2010, Mr Tang, a sophisticated investor, converted Notes to the value of $100,000. The conversion resulted in the issue of 20,000,000 Ordinary Shares in accordance with the subscription agreement. Subsequently, on 23 August 2010 Mr Tang converted further Notes to the value of $100,000 resulting in the issue of a further 20,000,000 Ordinary Shares. The effect of this share issue is to reduce the gearing ratio to 23.97% had the issues occurred on balance date.

Following approval at the 2009 Annual General Meeting held on 27 August 2010, High Tech Computers Pty Limited as trustee of the High Tech Super Fund, an entity related to Mr John Tong, converted Notes to the value of $100,000. The conversion resulted in the issue of 20,000,000 Ordinary Shares in accordance with the subscription agreement. Shareholder approval was also granted at that meeting for the issue of 600,000 Ordinary Shares at 2 cents per share to Mr John Tong in lieu of cash remuneration.

Note 20: Reserves

a. **Share Based Payment Reserve**

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

b. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Note 21: Dividends Paid or Proposed

No dividend has been paid or proposed by the Company in relation to the year ended 30 June 2010

(2009: Nil).

Franking Account Balance

The Consolidated Tax Group which consists of the Parent Entity and Australian Subsidiaries has a franking account balance of $537,967 (2009: $537,967).

Note 22: Profit (Loss) per Share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all of the dilutive potential ordinary shares into ordinary shares (i.e. options).

Options granted are considered to be potential ordinary shares and have been assessed in the determination of diluted earnings per share. As the group has incurred losses during the year, the options are not dilutive and have not been taken into account in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Note 22: Profit (Loss) per Share (cont'd)

The following income and share data has been used in the basic and diluted earnings per share computations:

	Consolidated Group	
	2010	2009
	$	$
Net Profit (Loss)	2,478,187	(7,954,336)

Weighted Average Number of Shares	Consolidated Group	
	2010 No of shares	2009 No of shares
Weighted average number of ordinary shares used in calculations of basic and diluted earnings per share.	462,236,777	433,171,177

In August 2010, a total of 40,000,000 Ordinary shares were issued to Mr Tang as a result of the conversion of $200,000 Notes and 20,000,000 Ordinary Shares were issued to High Tech Computers Pty Limited as a result of conversion of $100,000 Notes, following shareholder approval at the 2009 Annual General Meeting held on 27 August 2010 (Refer Notes 16 and 19). Mr John Tong was issued 600,000 Ordinary Shares following Shareholder Approval at the same meeting in lieu of cash remuneration.

	No of shares
Balance as at 1 July 2009	435,828,711
Share Issue 30 November 2009	11,710,718
Share Issue 15 December 2009	47,562,740
Share issue 10 August 2010	20,000,000
Share issue 23 August 2010	20,000,000
Share issue 27 August 2010	20,000,000
Share issue 27 August 2010	600,000
Total as at date of this report	555,702,169

No Options have been issued since the end of the financial year and the date of these financial statements.

To calculate earnings per share amounts for discontinued operations, the following income and share data has been used in the basic and diluted earnings per share computations:

	Consolidated Group	
	2010 $	2009 $
Net Profit (Loss) attributable to ordinary equity holders of the parent from discontinued operations (Note 6)	-	(934,822)
	2010 No. of shares	2009 No. of shares
Weighted average number of ordinary shares used in calculations of basic and diluted earnings per share	462,236,777	433,171,177

Note 23: Capital and Leasing Commitments

		Note	Consolidated Group 2010 $	Consolidated Group 2009 $
a.	**Operating Lease Commitments**			
	Non-cancellable operating leases contracted for but not capitalised in the financial statements			
	Payable — minimum lease payments			
	— not later than 12 months		282,696	269,087
	— between 12 months and 5 years		277,598	498,294
	— greater than 5 years		-	-
			560,294	767,381
	Amount expensed during the year	3(g)	30,233	365,741

Operating leases have an average remaining lease term of 2 years. Assets that are the subject of the operating leases are property and buildings.

Acacia Ridge

The Company's previous head office lease term expires in June 2012 with the option to renew for two consecutive terms of 4 years. The Company is in the process of working with the Lessor to surrender the lease or sub lease these premises as they are surplus to current requirements. The amount due under this lease has been accrued in full as it is surplus to requirements.

China

The serviced office lease for Chinese operations expires in April 2012 with a fixed rental of RMB 16,000 per month plus service charges.

b. **Capital Commitments**

The Group had no capital commitments at balance date.

Note 24: Contingent Liabilities and Contingent Assets

	Consolidated Group 2010 $	2009 $
Contingent Liabilities not considered remote		
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Subscription Deed Clauses		
The Company raised $5M from a placement of 41,666,667 shares under a Subscription Deed on 18 March 2008. The company has been requested to confirm that it is not in breach of certain warranties within the Deed, which the Company has confirmed. Although communication with the Subscriber indicates that no immediate action will be taken, should ultimately successful litigation be taken against the Company in respect of the Deed the company may be required to repatriate the full subscription of $5M.	5,000,000	5,000,000

The Directors are of the opinion that a provision is not required in respect of the above matter as it is not probable that a future sacrifice of economic benefits will be required.

Contingent Assets

Leggett

The Company has a right of action against the Bankrupt Estate of the former CEO and Director, Mr Neil Leggett in respect of misappropriation of funds. The Trustees have advised that it is not likely that any distributions will be made.

Potential Claims in respect of China

The Company is continuing recovery efforts in respect of the ill-executed acquisitions in China. The Board is cognisant of the actions of the previous Board and advisors in respect of the matter. The Board considers it prudent to concentrate on recovery of funds prior to actioning any legal claims. Any potential future claims concerning this issue would require the Company to prove its actual loss or damage which cannot be determined until recovery action is completed.

Any extended discussion of the Company's position in relation to this issue or other claims such as those relating to the defalcation of former CEO Neil Ian Leggett, are premature and in the Directors' opinion any further disclosure would not be in the best interest of the Group.

Note 25: Segment Reporting

	Continuing Operations					*Discontinued Operations*			*Total Operations*
Business segment	**Agenix Bio-pharmaceutical (Shanghai) $**	**Monoclonal antibody development $**	**Molecular biology $**	**Eliminations Unallocated $**	**Total $**	**Industrial Biosystems $**	**Eliminations Unallocated $**	**Total $**	**Consolidated Total $**
For the year ended 30 June 2010									
Revenue									
Segment revenue	-	-	6,185	-	6,185	-	-	-	6,185
Unallocated revenue					-			-	-
Total consolidated revenue	-	-	-	-	6,185	-	-	-	6,185
Result									
Segment result	3,636,817	(141,630)	6,185	-	3,501,372	-	-	-	3,501,372
Unallocated expenses				(1,022,654)	(1,022,654)			-	(1,022,654)
Consolidated profit / (loss) before tax					2,478,718			-	2,478,718
Non controlling interest	-	-	-	-	-	-	-	-	-
Income tax (expense) benefit				(531)	(531)			-	(531)
Consolidated profit / (loss) after tax					2,478,187			-	2,478,187

The segment result for Agenix Biopharmaceutical (Shanghai) is includes a revaluation increment of financial assets amounting to $4,597,065.

Note 25: Segment Reporting (cont'd)

Business segment	*Continuing Operations* Agenix Bio-pharmaceutical (Shanghai)	Monoclonal antibody development	Molecular biology	Eliminations Unallocated	Total	*Discontinued Operations* Industrial Biosystems	Eliminations Unallocated	Total	*Total Operations* Consolidated Total
For the year ended 30 June 2010	$	$	$	$	$	$	$	$	$
Assets and liabilities									
Segment assets	5,492,915	138,754	-	-	5,631,669	-	-	-	5,631,669
Unallocated assets				170,777	170,777			-	170,777
Total consolidated assets					5,802,446			-	5,802,446
Segment liabilities	394,870	459,826	-	-	854,696	-	-	-	854,696
Unallocated liabilities				2,101,351	2,101,351			-	2,101,351
Total consolidated liabilities					2,956,047			-	2,956,047
Other segment information									
Acquisitions of property, plant and equipment, intangible assets and other non-current assets	4,347	-	-	-	4,347	-	-	-	4,347
Depreciation	(16,135)	-	-	-	(16,135)	-	-	-	(16,135)

Note 25: Segment Reporting (cont'd)

	Continuing Operations					*Discontinued Operations*			*Total Operations*
Business segment	**Agenix Bio-pharmaceutical (Shanghai)**	**Monoclonal antibody development**	**Molecular biology**	**Eliminations Unallocated**	**Total**	**Industrial Biosystems**	**Eliminations Unallocated**	**Total**	**Consolidated Total**
For the year ended 30 June 2010	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-cash income (expenses) other than depreciation and amortisation	(4,770,983)	12,518	-	4,869	(4,753,596)	-	-	-	(4,753,596)
Non cash expenses	(4,787,118)	12,518	-	4,869	(4,769,731)	-	-	-	(4,769,731)
Cash flow information									
Net cash flow from operating activities	(949,894)	(155,055)	6,185	(1,192,780)	(2,291,544)	-	-	-	(2,291,544)
Net cash flow from investing activities	2,865,828	-	-	-	2,865,828	-	-	-	2,865,828
Net cash flow from financing activities	-	-	-	1,100,000	1,100,000	-	-	-	1,100,000

Note 25: Segment Reporting (cont'd)

	Continuing Operations					*Discontinued Operations*			*Total Operations*
Business segment	**Agenix Bio-pharmaceutical (Shanghai) $**	**Monoclonal antibody development $**	**Molecular biology $**	**Eliminations Unallocated $**	**Total $**	**Industrial Biosystems $**	**Eliminations Unallocated $**	**Total $**	**Consolidated Total $**
For the year ended 30 June 2009									
Revenue									
Segment revenue	-	-	179,945	-	179,945	-	-	-	179,945
Unallocated revenue					-			-	-
Total consolidated revenue	-	-	-	-	179,945	-	-	-	179,945
Result									
Segment result	(9,000,157)	(1,804,450)	10,085	-	(10,794,522)	(934,822)	-	(934,822)	(11,729,344)
Unallocated expenses				3,777,237	3,777,237			-	3,777,237
Consolidated profit / (loss) before tax					(7,017,285)			(934,822)	(7,952,107)
Non controlling interest	-	-	-	-	-	-	-	-	-
Income tax (expense) benefit				(2,229)	(2,229)			-	(2,229)
Consolidated profit / (loss) after tax					(7,019,514)			(934,822)	(7,954,336)

Note 25: Segment Reporting (cont'd)

	Continuing Operations					*Discontinued Operations*			*Total Operations*
	Agenix Bio-pharmaceutical (Shanghai)	**Monoclonal antibody development**	**Molecular biology**	**Eliminations Unallocated**	**Total**	**Industrial Biosystems**	**Eliminations Unallocated**	**Total**	**Consolidated Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Assets and liabilities									
Segment assets	2,562,513	66,447	-	-	2,628,960	-	-	-	2,628,960
Unallocated assets				19,915	19,915			-	19,915
Total consolidated assets					2,648,875			-	2,648,875
Segment liabilities	893,065	718,642	-	-	1,611,707	-	-	-	1,611,707
Unallocated liabilities				1,528,060	1,528,060			-	1,528,060
Total consolidated liabilities					3,139,767			-	3,139,767

Note 25: Segment Reporting (cont'd)

	Continuing Operations					*Discontinued Operations*			*Total Operations*
Other segment information For the year ended 30 June 2009	**Agenix (Shanghai) Bio-pharmaceutical**	**Monoclonal antibody development**	**Molecular biology**	**Eliminations Unallocated**	**Total**	**Industrial Biosystems**	**Eliminations Unallocated**	**Total**	**Consolidated Total**
	$	$	$	$	$	$	$	$	$
Acquisitions of property, plant and equipment, intangible assets and other non-current assets	-	-	-	-	-	-	-	-	-
Depreciation	(10,022)	(9,615)	-	(7,417)	(27,054)	-	-	-	(27,054)
Amortisation	-	-	-	(26,106)	(26,106)	-	-	-	(26,106)
Non-cash income (expenses) other than depreciation and amortisation	(6,264,390)	(673,016)	-	4,053,103	(2,884,303)	(934,822)	-	(934,822)	(3,819,125)
Non cash expenses	(6,274,412)	(682,631)	-	4,019,580	(2,937,463)	(934,822)	-	(934,822)	(3,872,285)
Assets and liabilities	-	-	-	-	-	-	-	-	-
Cash flow information									
Net cash flow from operating activities	(2,725,745)	(1,121,819)	10,085	(244,572)	(4,082,051)	-	-	-	(4,082,051)
Net cash flow from investing activities	662,204	-	-	100,422	762,626	835,000	-	835,000	1,597,626
Net cash flow from financing activities	(1,885,308)	-	-	700,000	(1,185,308)	-	-	-	(1,185,308)

NOTE 25: Segment Reporting (Cont'd)

Reconciliation of segment result to group net profit/(loss) before tax

	Continuing Operations					*Discontinued Operations*			*Total Operations*
For the year ended 30 June 2010	**Agenix Bio-pharmaceutical (Shanghai)**	**Monoclonal antibody development**	**Molecular biology**	**Eliminations Unallocated**	**Total**	**Medical diagnostics**	**Eliminations Unallocated**	**Total**	**Consolidated Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Segment result	3,636,817	(141,630)	6,185	-	3,501,372	-	-	-	3,501,372
Finance Costs					(105,237)			-	(105,237)
Share Based Expense payment					(10,517)			-	(10,517)
Other Corporate Expenses					(897,032)			-	(897,032)
Unrealised Foreign Exchange Gains (Losses)					(9,868)			-	(9,868)
Consolidated Profit (Loss) before tax					2,478,718				2,478,718
For the year ended 30 June 2009									
Segment result	(9,000,157)	(1,804,450)	10,085	-	(10,794,522)	(934,822)	-	(934,822)	(11,729,344)
Finance Costs					(167,785)			-	(167,785)
Share Based Expense payment					(113,494)			-	(113,494)
Other Corporate Expenses					(1,053,028)			-	(1,053,028)
Unrealised Foreign Exchange Gains (Losses)					1,789,146			-	1,789,146
Profit on disposal of business unit					3,322,398			-	3,322,398
Consolidated Profit (Loss) before tax					(7,017,285)			(934,822)	(7,952,107)

Note 25: Segment Reporting (cont'd)

Secondary segment - geographical

Geographical segment	*Continuing Operations*			*Discontinuing Operations*					*Total Operations*
For the year ended 30 June 2010	China	Australia and New Zealand	Total	North America	Europe	Asia Pacific	Australia and New Zealand	Total	Consolidated Total
	$	$	$	$	$	$	$	$	$
Segment revenue	-	6,185	6,185	-	-	-	-	-	6,185
Segment assets	5,492,915	309,531	5,802,446	-	-	-	-	-	5,802,446
Capital expenditure	4,347	-	4,347	-	-	-	-	-	4,347

Geographical segment	*Continuing Operations*			*Discontinuing Operations*					*Total Operations*
For the year ended 30 June 2009	China	Australia and New Zealand	Total	North America	Europe	Asia Pacific	Australia and New Zealand	Total	Consolidated Total
	$	$	$	$	$	$	$	$	$
Segment revenue	-	179,945	179,945	-	-	-	-	-	179,945
Segment assets	2,562,513	86,362	2,648,875	-	-	-	-	-	2,648,875
Capital expenditure	-	-	-	-	-	-	-	-	-

Note 25: Segment Reporting (cont'd)

Accounting Policies

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold or to be sold and/or services provided by the segment;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives;
- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense
- income tax expense;
- intangible assets; and
- discontinuing operations.

Comparative information

This is the first full reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been disclosed to conform to the requirements of the Standard.

Note 25: Segment Reporting (cont'd)

Business and Geographical Segments

Business segments

The consolidated group has following three business segments:

— Agenix Biopharmaceutical (Shanghai) is in the process of looking for opportunities to distribute pharmaceuticals. At present the Company has the rights to distribute the proprietary drug YouHeDing for worldwide distribution excluding China.

— Monoclonal antibody product development. Monoclonal antibodies (mAb or moAb) are mono-specific antibodies that are identical because they are produced by one type of immune cell that are all clones of a single parent cell. Given (almost) any substance, it is possible to create monoclonal antibodies that specifically bind to that substance; they can then serve to detect or purify that substance. This has become an important tool in biochemistry, molecular biology and medicine. The main product under development is ThromboView®, a product related to the detection of blood clots.

— Molecular biology. Royalties on biomedical products**.** Molecular biology is the study of biology at a molecular level. The field overlaps with other areas of biology and chemistry, particularly genetics and biochemistry. Molecular biology chiefly concerns itself with understanding the interactions between the various systems of a cell, including the interactions between DNA, RNA and protein biosynthesis and learning how these interactions are regulated.

Geographical segments

The consolidated group's business segments are located in Australia with the distribution business segment having operations in the Peoples Republic of China. The Company also maintained an office in Singapore which has been closed following the departure of CEO, Dr Stephen Phua. In addition the Company conducts certain operations in the United States.

The distribution business segment intends to sell principally to Asia excluding mainland China. Revenue is yet to be generated from this business segment whilst it seeks regulatory approval in the various Asian countries.

Impairment Losses

An impairment loss amounting to $679,000 relating to plant and intellectual property within the discontinued operations was recognised as an expense for the year ended 30 June 2009.

Note 26: Share-based Payments

The following share-based payment arrangements existed at 30 June 2010:

An employee option plan was approved by shareholders on 8 June 2001. Under the plan all directors, executives and staff of the consolidated entity are eligible to be issued with options over the ordinary shares of Agenix Limited. Options are issued to all full-time and part-time employees at the discretion of the board at an exercise price calculated as the average closing price for the twenty trading days prior to the grant date. The options are issued for a maximum term of six years and have a maximum vesting period of two years from date of grant. Employees forfeit their options if they cease employment with the company prior to vesting. The options cannot be transferred and are not quoted on the Australian Securities Exchange. Option holders do not participate in any share issue of the company or any other body corporate. They have no voting powers.
The expense recognised in the Statement of Comprehensive Income in relation to share based payments is disclosed in Note 3.
All options granted to key management personnel are ordinary shares in Agenix Limited, which confer a right of one ordinary share for every option held.

	Consolidated Group			
	2010		2009	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	6,290,000	0.1869	26,026,250	0.3789
Granted	10,500,000	0.0170	-	-
Cancelled	-	-	(3,556,250)	0.2503
Exercised	-	-	-	-
Lapsed	(6,090,000)	0.1797	(1,180,000)	0.2271
Outstanding at year-end	10,700,000	0.0242	21,290,000	0.4075
Exercisable at year-end	200,000	0.4000	6,290,000	0.1869

No options were exercised during the year.

The options outstanding at 30 June 2009 had a weighted average exercise price of $0.0242 and a weighted average remaining contractual life of 1.56 years. Exercise prices range from $0.017 to $0.40 in respect of options outstanding at 30 June 2010.

The following options were granted during the year under the Company's Employee Share Plan :

Employee	Number of Options	Weighted Average Exercise Price $	Grant Date	Expiry Date
N. Weston	10,000,000	0.0170	4 January 2010	4 January 2012
J. Tong	500,000	0.0170	15 October 2009	15 October 2011

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trend, which may not eventuate.

The expected life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Based upon the fact that the shares are currently voluntarily suspended from the ASX and the last share price in trading was 0.017 cents it is highly unlikely that options will be exercised where the exercise price exceeds the current share price.

Note 26: Share-based Payments (cont'd)

The following table lists the inputs to the model used for the years ended 30 June 2010 and 2009

	O32	O31	O30	O27	O26	O25
Dividend Yield %	Nil	Nil	Nil	Nil	Nil	Nil
Expected Volatility %	58.75%	58.75%	81.67%	81.67%	81.67%	81.67%
Risk Free interest rate %	4.75%	4.75%	6.84%	6.84%	6.84%	6.84%
Expected Life of Options (years)	2.00	2.00	2.00	5.86	5.86	5.86
Option Exercise Price $	0.017	0.017	0.1500	0.7000	0.6000	0.5000
Weighted Average share price $	0.017	0.017	0.17	0.24	0.24	0.24
	O23	**022**	**O20**	**019**	**O18**	**O17**
Dividend Yield %	Nil	Nil	Nil	Nil	Nil	Nil
Expected Volatility %	81.67%	48.90%	49.61%	47.10%	47.90%	48.10%
Risk Free interest rate %	6.84%	5.80%	5.80%	5.30%	5.20%	5.60%
Expected Life of Options (years)	5.86	5.41	5.64	5.75	5.64	5.75
Option Exercise Price $	0.3000	0.2400	0.2200	0.4000	0.2928	0.5428
Weighted Average share price $	0.24	0.25	0.22	0.26	0.30	0.64

Options O23 to O27 above were issued pursuant to the contract entered into on 4 June 2007 to acquire the assets of SHRG and 96% of the equity in YSY. These options do not vest until certain conditions precedent are met. The options expired as the conditions precedent were not met within the time frame specified in the contract.

Options are normally granted to employees pursuant to the Company's annual option grant policy on the 21 July each year. As a result of the matters which have arisen including the divestment of the China assets, the Board has temporarily suspended this policy. Options granted during the year were a condition of the respective contracts of employment.

Note 27: Events after the Balance Date

Subsequent to the end of the 2010 financial year, the following significant matters have occurred:

(a) **Prospectus – Rights Issue**

In order for the Company to access the Fortrend Facility there is a specific requirement that the Company prepare a Prospectus. In this regard the Board is considering that it will utilise the opportunity and therefore minimise costs by combining the Prospectus requirements with a Rights Issue. The amount to be raised by way of Rights Issue had not been finalised at this time as the Board considers that it prudent to ensure that the suspension of shares is lifted by the ASX before undertaking the rights issue.

Any Rights Issue will be only available to Shareholders in Australia, New Zealand, Singapore and Hong Kong as there is no intention to lodge a Prospectus outside those jurisdictions at this time.

It is envisaged that any proposed Rights Issue will include the ability to apply for additional shares by way of a top up facility. Any shortfall under a Rights Issue would be offered to institutional investors. The Board has yet to determine if the Directors will participate in any proposed Rights Issue.

(b) **China Recovery**

The recovery of funds from the failed China acquisition continues to be received in accordance with the repayment schedule agreed between the Company and the majority of the Chinese parties.

(c) **Financial Liabilities**

On 10 August 2009, Mr Tang converted the face value of notes amounting to $100,000 to 20,000,000 ordinary shares in the Company in accordance with the deed. Subsequently on 23 August 2010 Mr Tang converted further notes amounting to $100,000 into 20,000,000 ordinary shares. In addition the redemption date in respect of the remaining $200,000 face value of notes was extended until 31 December 2010.

The Company has a liability for the repayment of convertible notes. As at the date of this report, the note holders have indicated that a further total of $300,000 will be converted to shares, subject to shareholders' approval. The indication is not binding on the note holders who may still opt to request redemption in cash except for the Notes issued to High Tech Computers to the value of $100,000 for which the Company holds a conversion notice, subject to shareholder approval.

(d) **European Patent**

In August 2010, the Company received a notice of acceptance in the European Union for our patent covering "Humanised antibodies derived from DD-3B6/22, specific for the D-Dimer fragment of Fibrin". This is the latest addition to the company's portfolio of patents in the USA, Australia, New Zealand and Singapore.

(e) **Issue of Securities**

The following securities have been issued subsequent to balance date:

Date	Securities
10 August 2010	20,000,000 Ordinary Shares on conversion of $100,000 Note.
23 August 2010	20,000,000 Ordinary Shares on conversion of $100,000 Note.
27 August 2010	20,000,000 Ordinary Shares on conversion of $100,000 Note.
27 August 2010	600,000 Ordinary Shares in lieu of cash remuneration of $12,000.

Note 28: Related Party Transactions

		Consolidated Group	
		2010 **$**	**2009** **$**
The ultimate parent entity is Agenix Limited			
Transactions with related parties:			
a.	**Wholly owned group transactions**		
	Loans made by Agenix Limited to wholly owned subsidiaries, carry an interest rate of Nil% (2009: 10%). The loans made by Agenix Limited to wholly owned subsidiaries and loans from wholly-owned subsidiaries to Agenix Limited are non-secured and have no formal repayment terms.		
b.	**Legal Fees**		
	Legal Fees paid to Nicholas Weston Lawyers & Trade Marks Attorneys, of which Mr Weston is the principal, for legal services in respect of drafting, on an urgent basis, the enabling documents to the Final Settlement Deed. These fees were charged at a discount to normal commercial terms and conditions after three fee estimates were obtained from other law firms, two of which exceeded $100,000 and the third $70,000	-	37,537
c.	**Rent**		
	Rental contribution paid to Mr N Weston for provision of office and all associated facilities pursuant to his contract of employment for an amount not exceeding $1,375 per calendar month from June 2010.	1,375	-
	Rental equalisation payment not exceeding RMB 3000 per calendar month payable to Mr J Tong to compensate Mr Tong for increased accommodation costs resulting from his relocation to Shanghai.	4,179	-
		5,554	-
d.	**Interest Expense**		
	Interest payable at 10% per annum to High Tech Computers Pty Limited as trustee of the High Tech Computers Superannuation Fund an entity related to Mr J Tong in respect of convertible notes subscribed for on 12 March 2010.	3,014	-
e.	**Issue of Shares**		
	3,950,444 Ordinary Shares at an issue price of $0.02 cents issued to Mr N Weston in lieu of directors fees approved by Shareholders and issued on 30 November 2009	-	79,009
	7,760,274 Ordinary Shares at an issue price of $0.02 cents issued to Dr S Phua in lieu of salary and approved by Shareholders and issued on 30 November 2009	63,539	91,667
		63,539	170,676

Note 28: Related Party Transactions (cont'd)

	Consolidated Group 2010 $	Consolidated Group 2009 $
Transactions with related parties (cont'd)		
f. **Company Secretarial & Chief Financial Officer Services**		
Services by William Buck (Victoria) a firm related to the Company Secretary and Chief Financial Officer, both of whom are partners of that firm:		
Company Secretarial Fees	48,000	77,000
Chief Financial Officer fees and associated accounting services	65,950	-
	113,950	77,000
Outstanding Balances		
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
a. **Financial Liabilities**		
Convertible Note issued to High Tech Computers Pty Limited as trustee of the High Tech Computers Superannuation Fund an entity related to Mr J Tong with a face value of $100,000 plus accrued interest at 10% per annum, which is due for repayment or conversion prior to 31 December 2010.	103,014	-
b. **Prepayments**		
Rental paid to Mr Weston for provision of office and all associated facilities pursuant to his contract of employment for an amount not exceeding $1,375 per calendar month paid in advance for the month of July.	1,375	-
c. **Current Payables**		
Amounts due in respect of the provision of Company Secretary and CFO services payable on confidential agreed terms and conditions.	144,045	8,800
Amounts due in respect of Non Executive Directors fees and associated compulsory superannuation for which payment has been deferred.	190,047	74,120

Note 28: Related Party Transactions (cont'd)

Loan to SHRG vendors

Loan to SHRG vendors is for the acquisition of ordinary shares which is escrowed as detailed in Note 19. Interest of 8% is charged on the outstanding balance. The loan is repayable in full upon sale of the shares. The Company is required to pay the net proceeds after netting off the amount of the shareholder loan plus accrued interest to the date of sale outstanding in relation to those shares to the shareholder. This loan has not been recorded in the Statement of Financial Position as the shares related to the transaction have not been paid in full and are in escrow. Interest has not been capitalised as the escrow shares relate to the China settlement and the likelihood of the transaction completing is not known at this time.

	Consolidated Group	
	2010	2009
	$	$
Balance at beginning of year	5,418,963	5,418,963
Net advances/repayments	-	-
Balance at end of year	5,418,963	5,418,963

Note 29: Key Management Personnel Disclosure

Directors during the financial year ended 30 June 2010 were:

Mr N Weston	Executive Chairman
Mr C McNamara	Non Executive Director
Mr A Lee	Non Executive Director
Mr S Phua	Chief Executive Officer (resigned 4 January 2010)
Mr J Zhang	Non Executive Director (resigned 30 October 2009)

Other key management personnel during the financial year ended 30 June 2010 were:

Mr J Tong	General Manager: Agenix Biopharmaceutical (Shanghai) Company Limited

In the financial year ended 30 June 2009 Dr. Mike Gerometta was reported as a key management person. Dr. Gerometta's contract expired in February 2009 and was not renewed. Subsequently Dr Gerometta agreed to provide consultancy services to the Company on an ad-hoc basis in order to maintain the integrity of the ThromboView® project but is not considered as part of key management personnel.

Mr R Tang was removed as Chief Operating Officer – China in August 2008 and is not considered as part of key management personnel from that time.

Mr J Zhang was removed as Chief Executive Officer – China in August 2008 and resigned from the Board on 30 October 2009. Mr Zhang is not considered as part of the Key Management Personnel following his resignation as a Director in October 2009.

Note 29: Key Management Personnel Disclosure (Cont'd)

Total Compensation for all key management personnel including Executive Directors, Non-Executive Directors and other key management personnel:

Key Management Personnel (KMP) Compensation	**Consolidated Group 2010 $**	**2009 $**
Short Term Employment Benefits	498,852	512,081
Post Employment Benefits	19,175	24,280
Other Long Term Benefits	12,000	182,628
Termination Benefits	-	115,096
Share Based Payments	4,577	172,047
	534,604	1,006,132

Detailed remuneration disclosures for Executive Directors, Non-Executive Directors and other key management personnel can be found in the Remuneration Report.

Apart from the details disclosed below, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Material Contracts with Key Management Personnel	**Consolidated Group 2010 $**	**2009 $**
Legal Fees paid to Nicholas Weston Lawyers & Trade Marks Attorneys, of which Mr Weston is the principal, for legal services in respect of drafting, on an urgent basis, the enabling documents to the Final Settlement Deed. These fees were charged at a discount to normal commercial terms and conditions after three fee estimates were obtained from other law firms, two of which exceeded $100,000 and the third $70,000	-	37,537

Note 29: Key Management Personnel Disclosure (Cont'd)

Key Management Personnel Option and Rights Holding

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as Remuneration during the year	Exercised during the year	Other Changes during the year	Balance at end of year	Vested during the year	Vested and Exercisable	Vested and Unexercisable
S Phua	5,000,000	-	-	(5,000,000)	-	-	-	-
C McNamara	8,333	-	-	-	8,333	-	8,333	-
A Lee	291,666	-	-		291,666	-	291,666	-
M Gerometta	840,000	-	-	(840,000)	-	-	-	-
W & Z Holdings	15,000,000	-	-	(15,000,000)	-	-	-	-
N Weston	-	10,000,000	-	-	10,000,000	-	-	-
J Tong	-	500,000	-	-	500,000	-	-	-
	21,139,999	10,500,000	-	(20,840,000)	10,799,999	-	299,999	-
2009								
S Phua	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
J Zhang	1,300,000	-	-	(1,300,000)	-		-	-
C McNamara	8,333	-	-	-	8,333	-	8,333	-
A Lee	291,666	-	-		291,666	-	291,666	-
R Wang	925,000	-	-	(925,000)	-		-	-
G Mastroianni	980,000	-	-	(980,000)	-	150,000	-	-
M Gerometta	840,000	-	-		840,000	150,000	-	-
M McArthur	727,500	-	-	(727,500)	-	150,000	-	-
C Holmes	385,000	-		(385,000)	-	-	-	-
W & Z Holdings	15,000,000	-	-		15,000,000	-	-	-
	25,457,499	-	-	(4,317,500)	21,139,999	5,450,000	5,299,999	-

G Mastroianni, M McArthur and C Holmes were key management employees until 2008 with options expiring after year and are included for comparative purposes only.

W & Z Holdings Ltd is a company associated with J Zhang and R Wang.

Note 29: Key Management Personnel Disclosure (Cont'd)

g. Shareholding of Key Management Personnel

2010	Balance at beginning of year	Granted as Remuneration during the year	Shares issued on exercise of options during the year	Other Changes during the year (net)	Balance at end of year
R. Govindan	6,916,946	-	-	(6,916,946)	-
A. Lee	4,375,000	-	-	-	4,375,000
N Weston	-	3,950,444	-	-	3,950,444
C. McNamara	1,962,500	-	-	-	1,962,500
Dr S. Phua	424,500	7,760,274	-	(8,184,774)	-
J. Zhang	-	-	-	-	-
J Tong	-	-	-	-	-
	13,678,946	11,710,718	-	(15,101,720)	10,287,944

2009	Balance at beginning of year	Granted as Remuneration during the year	Shares Issue on exercise of options during the year	Other Changes during the year (net)	Balance at end of year
R. Govindan	6,916,946	-	-	-	6,916,946
A. Lee	4,375,000	-	-	-	4,375,000
N Weston	-	-	-	-	-
C. McNamara	1,962,500	-	-	-	1,962,500
J. Liu	-	-	-	-	-
Dr S. Phua	424,500	-	-	-	424,500
J. Zhang	-	-	-	-	-
G Crosbie- Walsh	-	-	-	-	-
R Wang	-	-	-	-	-
G Mastroianni	-	-	-	-	-
M Gerometta	-	-	-	-	-
M McArthur	-	-	-	-	-
C Holmes	-	-	-	-	-
	13,678,946	-	-	-	13,678,946

Shareholder approval was granted at the 2009 Annual General Meeting held on 27 August 2010 for the issue of 600,000 Ordinary Shares at 2 cents per security to Mr John Tong in lieu of cash remuneration.

Note 30: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and payables, other financial assets, convertible notes and employee loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2010 $	2009 $
Financial Assets			
Cash and cash equivalents	8	1,736,817	62,715
Trade and other receivables	9	10,642	9,805
Other financial Assets	11	3,992,189	2,507,125
		5,739,648	2,579,645
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables		1,686,315	2,564,108
— Financial liabilities	16	1,175,485	514,795
Income tax liabilities	18	531	2,229
		2,862,331	3,081,132

Trade and other payables excludes annual leave liability for the purpose of this note.

Financial Risk Management Policies

The Board of Directors monitors and manages financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures. It also reviews the effectiveness of internal controls relating to currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

a. **Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2010 the group had no debt which was subject to floating rates. Fixed rate debt is set out below:

Note 30: Financial Risk Management (cont'd)

	Note	Consolidated Group 2010 $	2009 $
Fixed rate instruments			
Convertible notes	16	1,065,890	514,795
Unsecured loans at call	16	109,595	-
		1,175,485	514,795

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The Group's policy is to ensure no more than 50% of borrowings should mature in any 12 month period. However, as a result of raising in a period of recessionary market conditions $1 million through the private placement of unlisted convertible notes in August 2009 to existing sophisticated shareholders of the company and therefore ensuring the Company had sufficient funds to meet its debts, this has resulted in all borrowings maturing within 12 months.

The following tables reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Trade and other payables are due and payable within 30 days other than the amount accrued in respect of the Surplus Lease. Surplus lease accrual is acquitted in equal monthly instalments expiring on 30 June 2012. Convertible Notes are due and payable within 6 months of balance date.

It is expected that the majority of convertible notes will be converted to equity and therefore will not require repayment. Should the notes convert this will have a significant impact on the maturity analysis set out below. At the date of this report the Group has not received a request for conversion to equity other that notes to the value of $300,000 in August 2010.

Note 30: Financial Risk Management (cont'd)

Consolidated Group	Within 1 Year		1 to 5 Years	
	2010	2009	2010	2009
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	1,437,717	2,065,814	248,598	498,294
Financial liabilities due for payment	1,175,485	514,795	-	-
Taxation liabilities	531	2,229	-	-
Total expected outflows	2,613,733	2,582,838	248,598	498,294
Financial assets — cash flows realisable				
Cash and cash equivalents	1,736,817	62,715	-	-
Trade and other receivables	10,642	9,805	-	-
Financial assets	3,992,189	2,507,125	-	-
Total anticipated inflows	5,739,648	2,579,645	-	-
Net (outflow)/inflow on financial instruments	3,125,915	(3,193)	(248,598)	(498,294)

	Over 5 Years		Total	
	2010	2009	2010	2009
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	-	-	1,686,315	2,564,108
Financial liabilities due for payment	-	-	1,175,485	514,795
Taxation liabilities	-	-	531	2,229
Total expected outflows	-	-	2,862,331	3,081,132
Financial assets — cash flows realisable				
Cash and cash equivalents	-	-	1,736,817	62,715
Trade and other receivables	-	-	10,642	9,805
Financial assets	-	-	3,992,189	2,507,125
Total anticipated inflows	-	-	5,739,648	2,579,645
Net (outflow)/inflow on financial instruments	-	-	2,877,317	(501,487)

Financial assets pledged as collateral

At year end a term deposit was lodged with the Company's bankers amounting to $111,744. This deposit is used as security for a bank guarantee in respect of the premises at Durbell Street, Acacia Ridge.

Note 30: Financial Risk Management (cont'd)

c. **Foreign exchange risk**

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in US Dollar and China RMB may impact on the Group's financial results unless those exposures are appropriately hedged.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations.

2010	**Net financial assets/(liabilities) in AUD $**				
Consolidated	**AUD**	**USD**	**SGD**	**RMB**	**Total AUD**
Functional currency of group entity					
Australian Dollar	(2,166,384)				(2,166,384)
US Dollar		(7,848)			(7,848)
Singapore Dollar			(12,531)		(12,531)
Chinese RMB				5,064,080	5,064,080
Statement of Financial Position exposure	(2,166,384)	(7,848)	(12,531)	5,064,080	2,877,317

2009	**Net financial assets/(liabilities) in AUD $**				
Consolidated	**AUD**	**USD**	**SGD**	**RMB**	**Total AUD**
Functional currency of group entity					
Australian Dollar	(1,948,447)				(1,948,447)
US Dollar		(6,396)			(6,396)
Chinese RMB				1,623,555	1,623,555
Singapore Dollar			(170,199)		(170,199)
Statement of Financial Position exposure	(1,948,447)	(6,396)	(170,199)	1,623,555	(501,487)

Forward exchange contracts

The Group has no open forward exchange contracts at balance date(2009: Nil).

Note 30: Financial Risk Management (cont'd)

Credit risk

d. Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 60 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter party, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Group has a significant concentration of credit risk (99.7%) as a result of the recovery of the proceeds from the failed China investment.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 9.

The Group's exposure to credit risk for loans and receivables by geographical regions is:

	Note	Consolidated Group 2010	2009
		$	$
Australia	9	10,642	9,805
Peoples Republic of China	11	3,992,189	2,507,125
		4,002,831	2,516,930

The financial asset relating to China is due and payable by instalments and is not past due. All amounts are anticipated to be realised within 12 months.

Credit risk related to balances with banks and other financial institutions is managed by the CEO in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counter parties with a Standard & Poor's rating of at least B+. The following table provides information regarding credit risk relating to cash based on Standard & Poor's counter party credit ratings.

Note 30: Financial Risk Management (cont'd)

		Note	Consolidated Group 2010 $	2009 $
Cash and cash equivalents				
—	A+		1,736,817	61,485
—	B+		-	1,230
		8	1,736,817	62,715

For details of collateral held as security during the year, refer to Note 8.

e. **Price risk**

The Group is not exposed to any significant price risk

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

Note 30: Financial Risk Management (cont'd)

Consolidated Group	Footnote	2010		2009	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	1,736,817	1,736,817	62,715	62,715
Trade and other receivables	(i)	10,642	10,642	9,805	9,805
Financial assets	(ii)	3,992,189	3,992,189	2,507,125	2,507,125
Total financial assets		5,739,648	5,739,648	2,579,645	2,579,645
Financial liabilities					
Trade and other payables	(i)	1,686,315	1,686,315	2,564,108	2,564,108
Financial liabilities	(iii)	1,175,485	1,175,485	514,795	484,807
Taxation Liabilities	(i)	531	531	2,229	2,229
Total financial liabilities		2,862,331	2,862,331	3,081,132	3,051,144

The fair values disclosed in the preceding table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, trade and other payables and taxation liabilities are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.

(ii) Financial assets comprise of unsecured interest free loans and fair value therefore approximates carrying value in the short term.

(iii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at reporting date for similar types of loans and advances. Differences between fair values and carrying values largely represent movements of the effective interest rate determined on initial recognition and current market rates.

Note 30: Financial Risk Management (cont'd)

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
Year Ended 30 June 2010	**Profit**	**Equity**
	$	**$**
+/-2% in interest rates	+/-13,178	+/-13,178
+/-10% in $A/$RMB	+/-96,000	+/-96,000

	Consolidated Group	
Year Ended 30 June 2009	**Profit**	**Equity**
	$	**$**
+/-2% in interest rates	-	-
+/-10% in $A/$RMB	+/-5,000	+/-5,000

Key Foreign Exchange Rates

The key foreign exchange rates during the year were as follows:

Rate as at:	USD	RMB
1 July 2009	0.8114	5.5442
31 December 2009	0.8969	6.1128
30 June 2010	0.8523	5.7863

The consolidated group held the following foreign currencies as at 30 June 2010

	$USD	**RMB**
Foreign currencies	378	8,442,644

Note 31: Going Concern

The Consolidated group's financial statements have been prepared and presented on a basis assuming it continues as a going concern.

The reported profit from operations arises primarily as a result of the revaluation increment in relation to the estimated amount recoverable from the ill-executed China acquisitions inherited from the previous Board

At 30 June 2010, the consolidated group has reported a recoverable amount of an Australian-dollar equivalent $3,392,189 in relation to settlement funds the Board considers there is certainty of recovery under the main Settlement Agreement with Shanghai Rui Guang Bio-Pharma Development Company Limited (SHRG). The Consolidated group's ability to continue as a going concern is dependent upon receiving the settlement funds referred to above, and its' ability to raise additional capital.

The directors, after due consideration, believe that the Consolidated group will receive the settlement funds from SHRG, whether in accordance with the Settlement Agreement or otherwise, and that the recoverable amount of the financial assets of the company and the consolidated group in relation to the settlement funds is appropriate and no further revalution is required. Further, the directors believe that the Consolidated group will be able to raise new equity capital if required to fund its business plans.

Should the receipt of the Settlement Funds not occur, or future capital raisings not be successful, the Consolidated group may not be able to continue as a going concern. Furthermore, the ability of the Consolidated group to continue as a going concern is subject to the ability of the Consolidated group to successfully develop and commercialise the products being developed. If the Consolidated group is unable to obtain funding of an amount and timing necessary to meet its future operational plans, or to successfully commercialise its intellectual property, the Consolidated group may be unable to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Consolidated group not continue as a going concern.

The going concern basis of accounting contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business. This Report adopts the going concern basis.

Note 32: Change in Accounting Policy

Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the parent or the economic group.

Note 33: Company Details

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

Agenix Limited, C/- William Buck, 465 Auburn Road, Hawthorn VIC 3123 Australia
Tel: +61 (0)3 9822 8686 Email: mail@agenix.com
Fax: +61(0)3 9824 8578 Website: www.agenix.com

AGENIX LIMITED
DIRECTORS' DECLARATION

1. the financial statements and notes, as set out on pages 59 to 125 are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group;

2. the directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

4. the remuneration disclosures included in pages 29 to 43 of the Directors Report (as part of the audited Remuneration Report) for the year ended 30 June 2010, comply with Section 300A of the Corporations Act 2001.

5. the financial report also complies with International Financial Reporting Standards as set out in Note 1.

Agenix Limited and the controlled entities subject to the Class Order ("closed group") have entered into a Deed of Cross Guarantee. The effect of the Deed is that Agenix Limited has guaranteed to pay any deficiency in the event of the winding up of the controlled entities and the controlled entities have guaranteed to pay any deficiency in the event of winding up of Agenix Limited. Agen Inc, Vector Medical Solutions, Inc., Agenix Asia Pacific Pte. Ltd and Agenix Biopharmaceutical (Shanghai) Company Limited are not subject to the Deed of Cross Guarantee.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Nick Weston

Director
Nicholas Weston
Dated this 30th day of August 2010

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457, Brisbane QLD 4001
Australia

INDEPENDENT AUDIT REPORT

To the Members of Agenix Limited

Report on the Financial Report

We have audited the accompanying financial report of Agenix Limited, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated group comprising 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. In Note 1, 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 controls relevant to the group'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 group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Agenix Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated group's financial position as at 30 June 2010 and of their 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 also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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 Agenix Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to Note 31 in the financial statements. Note 31 deals with the consolidated group's ability to continue as a going concern. In order to continue as a going concern and to meet the requirements of future expenditure the group requires the continued support of the current investors, the ability to commercialise its current products and the re-commencement of trading on the Australian Stock Exchange. The consolidated group achieved a net profit of $2,478,187 during the year ended 30 June 2010 (2009: loss of $7,954,336). These conditions, along with other matters set forth in Note 31, including the incurrence of losses in prior years, indicate the existence of a material uncertainty which may cast significant doubt as to the consolidated group's ability to continue as going concern and therefore whether they will be able to pay their debts as and when they fall due, realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated group not continue as a going concern.

BDO Audit (QLD) Pty Ltd

Paul Gallagher
Director
Brisbane, 30 August 2010

AGENIX LIMITED

ADDITIONAL INFORMATION

The following additional information is required by the ASX Ltd in respect of listed public companies only and is not shown elsewhere in this report. The information is current as at close of business 27 August 2010.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	**Number Ordinary**
1 – 1,000	154
1,001 – 5,000	1,119
5,001 – 10,000	786
10,001 – 100,000	1,491
100,001 – and over	351
	3,901

b. The number of shareholdings held in less than marketable parcels is 2,891.

c. The names of the substantial shareholders listed in the holding company's register as at 27 August 2010 are:

Shareholder	**Number of Ordinary Shares**
Mr Tang Wen Sen	50,000,000
OKS AGX Inc	41,666,666
Annmac Investments Pty Ltd<Anne McNamara Invest a/c>	35,907,376
Pacific Superannuation Pty Limited	35,627,034
W & Z Holdings Company Ltd	33,868,520
Sino Sky Holdings Limited	31,418,630

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1	MR TANG WEN SEN	50,000,000	9.00%
2	OKS AGX INC	41,666,666	7.50%
3	ANNMAC INVESTMENTS PTY LTD <THE ANNE MCNAMARA INVEST A/C	35,907,376	6.46%
4	PACIFIC SUPERANNUATION PTY LTD	35,627,034	6.41%
5	W & Z HOLDINGS COMPANY LTD	33,868,520	6.09%
6	SINO SKY HOLDINGS LTD	31,418,630	5.65%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,307,610	4.37%
8	CITICORP NOMINEES PTY LIMITED	22,787,255	4.10%
9	HIGH TECH COMPUTERS PTY LTD	20,000,000	3.60%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	12,741,000	2.29%
11	MR STEPHEN PHUA	8,084,774	1.45%
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	6,422,696	1.16%
13	ASIAEAGLE INTERNATIONAL LTD	6,171,875	1.11%
14	F H NOMINEES PTY LTD	6,000,000	1.08%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED NO 2 A/C	5,641,805	1.02%
16	ANNMAC INVESTMENTS PTY LTD	4,450,000	0.80%
17	MR ANTHONY LEE VUI HAN	4,375,000	0.79%
18	UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	4,287,131	0.77%
19	DMG & PARTNERS SECURITIES PTE LTD	4,250,000	0.76%
20	MR NICHOLAS WESTON	3,950,444	0.71%
		361,957,816	65.14%

2. The name of the company secretary is Mr Jeffrey Luckins.
3. The address of the principal registered office in Australia is C/- William Buck, 465 Auburn Road, Hawthorn VIC 3123 Australia. Telephone +61 (0)3 9822 8686.
4. Registers of securities are held at the following address

   Computer Share Investor Services Pty Limited

   Level 19, 307 Queen Street, Brisbane QLD 4000
5. **Securities Exchange Listing**

   The Company is listed on the Australian Securities Exchange. The Home exchange is Brisbane.

6 **Quoted Options**

A total of 20,373,488 options are on issue to 715 holders of ordinary securities.

7. **Unquoted Securities**

Options over Unissued Shares

10,700,000 unquoted options are on issue to directors, employees and consultants under the Agenix Limited employee option plan.

8 **Redeemable Convertible Notes**

The following convertible notes are outstanding at the date of this report:

Noteholder	Face Value $	Maturity Date	Potential Ordinary Shares on conversion
Annmac investments Pty Ltd	500,000	3 September 2010	100,000,000
Mr. Tang Wen Sen	200,000	31 December 2010	40,000,000
	700,000		140,000,000