Anteo Diagnostics Limited

ABN: 75 070 028 625

Consolidated Entity

Financial Statements for the year ending 30 June 2010

Contents	***Page***	***Contents***	***Page***

CORPORATE DIRECTORY

Directors	James Henderson	Chairman
	Geoffrey Cumming	CEO, Executive Director
	Richard Martin	Non-Executive Director
	Lara Iacusso	Non-Executive Director
	Robert Gilmour	Non-Executive Director
Company Secretary	Shane Hartwig	
Registered Office	4/26 Brandl Street, Eight Mile Plains QLD 4113	
Mailing Address	4/26 Brandl Street, Eight Mile Plains QLD 4113	
E-mail	contact@anteodx.com	
Website	www.anteodx.com	
Legal Advisors	ClarkeKann Lawyers 300 Queen Street, Brisbane QLD 4000	
Auditors	Grant Thornton 102 Adelaide Street, Brisbane QLD 4000	
Patent Attorneys	Davies Collison Cave 1 Nicholson Street, Melbourne Victoria 3000	
Share Registry	Registries Limited Level 2, 28 Margaret Street, Sydney NSW 2000	
Insurance advisors	Marsh Pty Limited 123 Eagle Street, Brisbane QLD 4000 Austcover Pty Ltd 99 Melbourne Street, South Brisbane 4101	
Corporate Advisors	Transocean Securities Pty Ltd Level 5, 56 Pitt Street, Sydney NSW 2000	
Bankers	Australia and New Zealand Banking Group Limited 3 Sherwood Road, Toowong QLD 4066	

Dear Shareholders,

On behalf of the Board of Directors, I present Anteo's Annual Report for the year ended 30 June 2010.

Year in Review

This year the Company has focused on extensive engagement with major bead manufacturers and participants in the IVD industry and commenced the commercialisation of the Company's Mix&Go technology. I am particularly pleased that the Company has in place two key agreements which will result in revenue growth over the coming years. In particular the Company has achieved the following:

- Signed a licence agreement with Bangs Laboratories Inc for the first commercial application of Mix&Go.
- Signed a four year supply agreement with Merck Chimie SAS to manufacture two new bead-based products.
- Increased the level of engagement with all major bead manufacturers and most of the major global IVD-pathology suppliers with a view to demonstrating the commercial benefits of Mix&Go. The Company is hopeful of entering into commercial agreements with several of these parties in the coming year.
- Scientifically optimised conditions for the use of Mix&Go on various bead types with bead manufacturers and IVD suppliers
- Agreed a platform to negotiate commercial arrangements with potential customers.
- Completed a $2 million rights issue to existing shareholders

The CEO will, in his report, provide more detail on the specific activities and progress made. Suffice to say, the Company remains committed to generating value for shareholders. We hope to be able to announce the achievement of further successful transactions in the coming year.

Result for the Year to 30 June 2010

The net consolidated operating loss of the Company for the financial year, after providing for income tax, amounted to $2.26 million compared to a loss for the 2009 year of $1.95 million.

The 2010 operating result reflects spending of $1.75 million on research & development activities and $0.99 million on selling & administration activities.

The income of $0.62 million, earned during the year, included licence fees, product sales, rent and tax concession.

Funding

The last twelve months continue to be tumultuous for capital markets in Australia and particularly for the biotechnology sector as investors move to more certain investments. Until the Company has a sustainable revenue stream it is reliant on the capital markets and other funding sources to manage its working capital requirements. To this end, the Company has undertaken the following activities to ensure it has sufficient funding in the foreseeable future. During the year the Company completed $2 million of capital raising, including a rights issue in November 2009, which included a free attaching option. These options are due to expire on 30 September 2010 and the Company is confident that all options will be exercised to meet the current funding requirements of the Company.

The Company will look to engage with capital market participants for funding, if required, over the coming year.

Conclusion

The Company achieved major milestones in the 2010 year which have highlighted the value of the Mix&Go technology and provided strong endorsement of the cost and competitive advantages to be achieved from its use. The technical team continues to be integral to the commercialisation of the core technology as well as the ability to effectively execute assay development and other agreements. These factors mean the Company is well placed to achieve commercial and lasting outcomes for its shareholders.

As the Company begins to find success with participants in the IVD market, the focus can now turn to other applications of the Mix&Go technology. The Company believes there is significant shareholder value to be generated from alternative applications and markets for the Company's core technology and intend to begin to exploit these areas in the coming year.

The Board is very appreciative of the loyalty and dedication of the staff of the Company.

I would also like to thank the shareholders for your continuing support.

Mr James Henderson
Chairman
Dated this 29th day of September 2010

CEO'S REPORT

Dear Shareholders

It is with great pleasure that I provide you with this update on the progress your Company has made over the past 12 months. Significant achievements have been made across all areas of the Company's operations. Those deserving of special mention are:

- Signing our first commercial agreement with Bangs Laboratories, Inc and the subsequent launch of a well promoted product that incorporates our Mix&Go technology in its manufacture.
- Signing our second commercial agreement with Merck Chimie SAS part of the AUD$11.2 billion Merck KGaA Group. Under this Agreement we activate Merck manufactured beads with Mix&Go and coat them with a protein to facilitate separations and purifications in clinical and research laboratories. Two Anteo produced products were launched by Merck at the prestigious American Association of Clinical Chemists (AACC) conference in Anaheim, California in July 2010. This is the world's largest clinical laboratory conference and boasts about 19,000 registrants from 100 different countries.
- Expanding our presence in the research and *In Vitro* Diagnostic (IVD) markets to the extent that the majority of key players within the sector have now entered into confidential in-house assessments of Mix&Go. We remain optimistic that we will be accepted as the method of choice for antibody and protein immobilisation in this sector.
- Strengthening our financial position to the extent that we expect to have sufficient funds to sustain our activities through until the end of 2011 in the absence of product revenues.
- Growing our scientific team to enable us to efficiently keep abreast of work demands flowing in from the numerous collaborative projects we have on foot with prospective licensees.
- Garnering early stage support from relevant companies in our next strategic target sectors.

FIRST COMMERCIAL AGREEMENTS FOR MIX&GO – PROVIDED COMMERCIAL CREDIBILITY

In January 2010, we executed our first commercial agreement with Bangs Laboratories, Inc. The agreement is for a global non-exclusive licence to use Anteo's Mix&GoTM technology on Bang's beads for a period of three years with an option to renew for a further three years. Under the agreement Bangs purchase Mix&Go from Anteo, activate beads using Mix&Go and sell the activated beads. Anteo receives a double digit royalty on sales of Bangs products manufactured using Mix&Go. The first product, ProMag Bind-IT, was launched in April and Bangs were promoting the product strongly at the AACC conference in July 2010. In addition, a paper prepared by Bangs outlining the benefits that accrue through the use of ProMag Bing-IT was accepted for presentation at this conference. Work on a second silica based product has been completed by our scientists in Brisbane.

In July 2010, we announced that we had agreed terms for an Agreement with Merck Chimie SAS. This Agreement has now been executed and has a term of four years. Under the Agreement, Merck supply us with particles that we activate with Mix&Go, coat with a protein and send back to them to package, market and sell. We produced sufficient material for them to launch the new products at the AACC Conference in Anaheim.

IVD APPLICATIONS – THE SUBSTANTIVE COMMERCIAL GOAL

Our immediate goal remains to have Mix&Go accepted as the standard immobilisation technology for research and IVD applications. Feedback that we routinely receive from our collaboration partners emphasize the ease, speed and cost savings that they observe over conventional immobilisation approached. We are confident that we will achieve our objective.

As we have previously communicated all of the major bead manufacturers and most of the major IVD suppliers are currently undertaking their own in-house assessments. We provide able assistance to ensure that sound decisions are made as quickly as possible. Given the conservative nature of the market we are addressing assessment and application of a new element can be time consuming.

The demands from our collaboration partners are such that our scientists have been kept busy optimising formulations of Mix&Go to meet the requirements of the broad array of parties assessing our technology. We currently have scientists travelling to a number of overseas laboratories to provide know-how and to affect a technology transfer. Invitations from potential customers to allow this to occur are rare and are an important positive step forwards.

Some of the major bead manufacturers have diverse businesses and have expressed an interest in accessing our technology for applications beyond those envisaged in our initial discussions. We are, of course, prepared to investigate all possible commercial applications. In addition, some of the bead manufacturers are investigating whether, through the use of Mix&Go, they can reduce the cost of bead manufacture and reduce product variability. These studies are ongoing.

NEXT STRATEGIC TARGETS – THE NEAR FUTURE

Initial work has commenced on opening up the markets for Point of Care testing and for Separations/Purifications. The Mix&Go technology that we use on beads translates well for use on membranes and the surfaces that are currently used for Separations/Purifications. Accordingly, limited development work is required to allow us to meet the needs of participants in these markets. Data generated to date gives us cause for optimism in the acceptance we can expect from key players in these fields.

SCIENTIFIC TEAM

Our scientific team has been bolstered over the past 12 months to allow us to continue to meet the needs of our prospective clients. The scientists have developed into an impressive group who have demonstrated their ability to think laterally, to address different challenges and turn work around at a speed that would be the envy of an organisation of considerably greater size.

SUMMARY

In summary I believe that your Company has made significant strides forward through the course of the last twelve months. Our financial standing is more robust and we do not foresee the need to raise further capital to grow the current business, unless it is to accelerate meeting our objectives with our strategic targets. The level of interest being demonstrated by participants in our initial target market remains high and we are moving inexorably closer to additional licensing agreements being negotiated.

Initial interest from participants in our next targets is strong. Further, early data on issues of relevance to these new sectors is highly encouraging and provides a sound basis for optimism for market acceptance.

We are confident that the next twelve months will continue to deliver positive outcomes.

Dr Geoff Cumming
CEO
Anteo Diagnostics Limited

The Board of Anteo Diagnostics Limited aims for best practice in the area of corporate governance and supports the governance practices contained in the ASX Corporate Governance Council's ("ASX CGC") Corporate Governance Principles and Recommendations (2nd edition).

The statement below indicates the degree of conformance to the ASX CGC recommendations as at the date of this report.

Structure of the Board

Directors at the date of this annual report and their skills, experience and expertise relevant to the position they hold are on page 12 in the Directors' Report:

The Board of Directors should comprise a majority of Independent Directors. When determining whether a Non-Executive Director is independent the Director must not fail any of the following:

- Less than 5% of Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director
- Has not held an executive position within the Company within the last three years
- Has not held a position as a principal in any firm providing material professional advice to the Company within the last three years
- Has no material contractual relationship with the Company or Group other than being a Director

Anteo Diagnostic's Board consists of three non-independent and two independent directors. The Company believes that although it does not meet the technical requirements of the ASX CGC in relation to the majority of the Board being independent, in practical terms it considers the majority of the Directors are independent.

Richard Martin provides the Company with a supervisory CFO role which under the listing rules renders him non-independent. Richard brings, in all other aspects, an independent role to the board of directors and the decisions that the Board makes. The Anteo Diagnostic's Board, in general, is independent in thought and judgement and aims in all cases to add value.

The ASX CGC recommendations require the materiality threshold that was used to determine whether a Director is independent to be disclosed. Notwithstanding there are no contracts outside those disclosed in the Annual Report, a level of materiality of 5% of the Independent Directors' annual income has been set for any non-remuneration based consulting or other financial arrangements.

The ASX Corporate Governance Principles recommend that the Chairperson should be an independent director. The Chairman of Anteo Diagnostics, James Henderson, is integral in maintaining important commercial and capital market relationships. Anteo Diagnostics has appointed a lead independent director, which is recommended by the ASXCGC where the Chairperson is not an independent director. The role of the lead independent director is to act as a representative for any collective views of the non-executive directors, to ensure that the voices of the non-executive directors carry significant weight in the Board's decision making process, and to ensure that the Board understands and maintains boundaries between the Board and management responsibilities.

Directors may access or request such information as they consider necessary to diligently fulfil their responsibilities. Independent professional advice may be sought on Company related matters, at the Company's expense, subject to prior approval by the Chairman.

Directors are required to comply with their legal, statutory and other duties and obligations when acting in their capacity as Directors of the economic entity, including acting in good faith and with due diligence and care. Directors are required to avoid conflict of interests with the companies within the economic entity. Any actual or potential conflict of interest is required to be disclosed immediately to the Board.

The Board annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account. Remuneration of Directors, including retirement benefits (superannuation) and entitlements under equity-based remuneration schemes are set out in the Directors' Report under "Remuneration Report".

Performance evaluation of executive Directors and executives was carried out during the reporting period and was in accordance with the process disclosed.

The matters reserved to the Board, delegated to senior executives and a copy of the Board Charter are publically available on the Company's website at www.anteodx.com.

Ethical standards and corporate code of conduct

The Board has adopted a corporate code of conduct to ensure that each of its members and all employees are aware of the requirement to adhere to best principles of ethical standards which encompass:

- The management of conflicts of interest to ensure that Directors and executives act in the best interests of all stakeholders in the business
- Compliance with all laws and regulatory requirements
- Adoption of acceptable standards of custodianship and use of Company assets
- Ensuring that all Company information remains confidential except where disclosure is either authorised by the Board or legally mandated
- Enforcement of accountabilities and the fostering of an environment in which all officers and employees can identify and bring to the attention of Directors any unlawful or unethical behaviour

A full copy of the Company's code of conduct is publically available on the Company's website at www.anteodx.com.

Audit & Risk Committee

The Company has a formally constituted Audit & Risk Committee comprising two Non-Executive Directors. The Audit & Risk Committee must meet at least twice each reporting year. Other Directors and executives may be invited to attend meetings at the discretion of the Chairman of the Committee.

The composition of the Audit & Risk Committee and its conformance to ASX CGC Principle 4 is as below:

Rec.No	Description	Conform	Comments
4.1	The Board should establish an Audit Committee	Yes	4 Audit & Risk Committee meetings were held during the financial year
4.2	Audit committee should comprise: Only Non-Executive Directors	Yes	Ms Lara Iacusso – Independent - Attended all 4 meetings Mr Richard Martin – Non-Independent - Attended all 4 meetings
	A majority of Independent Directors	No	Given the background and financial acumen of the committee members, it is the Board's view that these two Directors should form the Audit and Risk Committee.

Rec.No	Description	Conform	Comments
	An independent chairperson, who is not chairperson of the Board	Yes	
	At least three members	No	The Audit & Risk Committee has only two members. It is the Board's view that two members are adequate to perform the duties required by the audit & risk committee.
4.3	Audit Committee to have formal charter	Yes	

The Company requests the external auditor to attend the Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report. The Committee annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account.

The audit committee is responsible for the selection and recommendation of the Company's external auditor. The audit committee has recommended the external audit service be out to tender on a tri-annual basis.

A full copy of the Audit committee charter is made publically available on the Company website at www.anteodx.com.

Continuous Disclosure

The Company's shares are traded on the ASX and the Company is subject to the ASX Listing Rules.

The responsibility for ensuring that the continuous disclosure requirements of ASX Listing Rule 3.1 are complied with is vested in the Board and the Company Secretary.

All meetings of the Board incorporate a standing agenda item advising the Directors of any disclosure that is required prior to the next scheduled meeting. Confirmation is provided of the release of any items since the previous meeting.

In addition the Directors are asked to consider whether they have become aware of information concerning the Company that could be expected to have an impact on the price or value of the Company's securities.

This includes new information that has arisen or, if necessary, amendments to information previously disclosed to the market.

The responsibility for deciding what information is disclosed to the market rests with the Chairman of the Board. Where appropriate all disclosure articles are approved by the Board of Directors prior to release to the market.

All Directors and executives have been made aware of their obligations to ensure that the Company complies at all times with the ASX Listing Rules.

A full copy of the Company's continuous disclosure policy is made publically available on the Company's website, www.anteodx.com

Business Risk Management

The Board has adopted a formal risk management policy.

The identification and management of risk inherent to the operation of the economic entity is managed by the Directors on a day-to-day basis. Where necessary individual Directors do, through the forum of regular Board meetings, bring matters before the Board collectively who will review, evaluate and deal with any matters arising in a manner that serves the best interests of the Company and its shareholders. This is in addition to the role of the Audit and Risk Committee which ensures the Company maintains effective risk management and internal control systems.

The identification and effective management of risks is critical in achieving the Company's corporate goals. The Company focuses on effective management of the following material risks:

- business risks
- operating risks
- financial risks
- organisational risks
- corporate risks
- occupational health and safety risks

Anteo Diagnostics Limited believes that risk should be managed on a continuous basis and optimises its ability to achieve business objectives by maintaining a system that assists appropriate management and provides early warning of risks.

The Company identifies, assesses, monitors and manages risk throughout the organisation in accordance with the Company's Risk Action Plan which is made publically available on the Company's website, www.anteodx.com.

The Board has required management to design and implement a risk management and internal control system to manage the entity's material business risk and continually receives reports from the executive team as to the effectiveness of the Company's management of its material business risks. The Board has received assurance from the Chief Executive Officer and Finance Director that the declaration on page 52 of the annual report 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.

Shareholder Communication

The Company communicates with shareholders through the following media:

- All announcements that may affect the price of the Company's securities are released to the market through the ASX
- Following this all announcements are placed onto the Company's website: www.anteodx.com
- Any press releases are also placed on the Company's website www.anteodx.com
- It is Company policy that updates are posted to all shareholders at regular intervals.
- It is Company policy to encourage shareholder attendance at the annual general meeting.

A full copy of the Company's policy on shareholder communication is made publically available on the Company's website, www.anteodx.com.

Trading in Company Shares

The Company's policy regarding Directors, officers and employees trading in its securities, is set by the Board of Directors. The policy restricts Directors, officers and employees from acting on material information until it has been released to the market.

The period in which Directors, officers and employees can deal in the Company's securities is not sooner than two days, or later than 30 days, after the yearly or half yearly profit announcement to the ASX.

Outside this period, in the current environment by which companies are required to maintain a continuously informed market, Directors, officers or employees may buy or sell subject to specific approval by the Chairman or by the Board.

A full copy of the of the Company's policy for trading in the Company's shares is publically available on the Company website, www.anteodx.com.

Remuneration & Nomination Committee

The Company's Constitution contains specific provisions for the remuneration of Non-Executive Directors. There has been no change to these specific provisions since the incorporation of the Company.

The Board has a formally constituted a Remuneration & Nomination Committee comprising only Non-Executive Directors. The Remuneration & Nomination Committee meets as required during the year. Other Directors and executives may be invited to attend meetings at the discretion of the Chairman of the Committee. The composition of the Remuneration & Nomination Committee and its conformance to ASX CGC Principles 2.4 and 8.1 is as below:

The Nomination and Remuneration Committee is currently reviewing a long-term incentive component for the executive and senior management remuneration packages (equity based). The development of such a policy will need to be cognisant of prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under an equity based remuneration scheme.

Rec.No	Description	Conform	Comments
2.4 & 8.1	Remuneration Committee should comprise:		
	A minimum of three members	No	The Remuneration & Nomination committee only has two members. It is the Board's view that two members are adequate to perform the duties required by the Remuneration & Nomination Committee.
	A majority of independent Directors	Yes	Ms Lara Iacusso - Independent - Attended 1 of 1 meeting Mr James Henderson - Non-Independent - Attended 4 of 4 meetings Mr Richard Martin - Non-Independent - Attended 3 of 3 meetings

Rec.No	Description	Conform	Comments
	A chairperson who is an independent Director	No	Mr James Henderson

The Director's attendance at meetings of the committee is contained on page 20 of the Annual Report.

The Committee annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account. A description of the policy for the nomination and appointment of directors and a copy of the Nomination and remuneration Committee Charter is publically available on the Company's website, www.anteodx.com.

Remuneration Policies

The Company's policy for remuneration and performance evaluation of Directors and executives has been stated in the Directors' Report under "Remuneration Report".

There are no schemes for retirement benefits, other than superannuation, for any Director.

Other Information

The Company's corporate governance practices and policies are publicly available at the Company's registered office. These policies have also been posted on the Company's website (www.anteodx.com).

Your Directors present their report on the Company and its controlled entity for the financial year ended 30 June 2010.

DIRECTORS

Persons holding the position of Directors at any time during or since the end of the year are:

Mr James Henderson	
Dr Geoffrey Cumming	
Mr Richard Martin	
Ms Lara Iacusso	
Dr. Robert Gilmour	
Mr Bruce Rathie	Resigned on 26 August 2009.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The Directors of the Company at the date of this report are set out below, together with details of their qualifications, experience and interests in the Company.

Mr James Henderson **Chairman**

Mr Henderson is Managing Director of Transocean Group Pty Ltd and Transocean Securities Pty Ltd, an Australian Financial Securities Licensee.
Mr Henderson is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia and has over 20 year experience in advising emerging companies. His core expertise is in corporate strategy, structuring, capital raisings and commercial negotiations. He advises companies across a number of industry sectors and has proven ability to assist companies execute their business and corporate plans.
In addition to being Chairman of Anteo he is also the Chairman of TSX listed Compass Gold Corporation. Other public listed directorships include Scorpio Mining Corporation (TSX), Actus Minerals Corporation (TSX) and Oklo Uranium Ltd (ASX).

Mr Henderson was appointed to the Board in December 2008.

Responsibilities: Chairperson of Remuneration and Nominations Committee.

Director's Interests: 41,060,502 ordinary fully paid shares
40,014,228 options with an exercise price of 6.5 cents and an expiry date of 1 February 2011

Dr Geoffrey Cumming B.App.Sc, B.Sc.(Hons.), MBA, PhD, MAICD **Chief Executive Officer - Executive Director**

Dr Cumming has over 20 years experience in the healthcare and biotechnology market. Geoff's roles have progressed from pure research to sales and marketing roles through to Managing Director level and Board seats. Previously Managing Director of Roche Diagnostic Systems – Oceania Regional Centre, where he transformed a loss making business to one achieving over 30% compound annual growth over a four year period and the highest profitability levels in Roche's global organisation. Geoff was also Managing Director and CEO of an Australian based biotechnology company commercialising a range of products in cancer diagnosis and treatment. During his tenure he was responsible for taking research from Sydney University through to product registration. This involved capital raising, managing Intellectual Property, investor relations and forging links with relevant international partners.

Dr Cumming has been a Non Executive Director of ASX listed Medical Australia Limited since January 2009.

Dr Cumming has been a Director of Anteo since April 2009.

Responsibilities: Chief Executive Officer of the Company

Director's Interests: 6,000,000 ordinary fully paid shares

2,500,000 options with an exercise price of 2 cents and an expiry date of 30 September 2012

Mr Richard Martin **Non-Executive Director**

Mr Martin holds a Bachelor of Business. He practised as a Chartered Accountant for 16 years, 11 as a partner in a medium sized Sydney practice. He has considerable experience both inside and advising corporate entities, his work has included complex business structuring and financing, the establishment of international hotels from conception, the public listing of resource companies, the management of foreign currency loan portfolios, establishing and operating start up technology companies and the negotiation and implementation on the purchase and sale of enterprises.

He has been a Director of Anteo since September 2005 and is a non-executive Director of ASX listed Boulder Steel Limited.

Responsibilities: Member of the Audit & Risk Committee and Remuneration Committee.

Director's Interests: Nil

Ms Lara Iacusso **Independent, Non-Executive Director**

Ms Iacusso is a Chartered Accountant, a Fellow of FINSIA and a Director of Transocean Group Pty Ltd. She has over 20 years experience and specialises in the provision of equities and corporate finance services to emerging companies. Her focus is on providing advice relating to corporate transactions and strategies including overall project management, valuation, due diligence, stock exchange listings, capital raisings and commercial negotiation.

Prior to joining Transocean, Lara was a Corporate Finance partner with Deloitte in Australia. Lara has worked in several countries over her professional career including Australia, Hong Kong, China and Indonesia.

Ms Iacusso has been a Director of Anteo since April 2008 and is a non-executive Director of Compass Gold Corporation (TSX).

Responsibilities: Chairperson of the Audit & Risk Committee.

Director's Interests: 333,333 ordinary fully paid shares

Dr Robert Gilmour **Independent, Non-Executive Director**

Dr Gilmour has degrees in Biochemistry and Medicine from the University of Otago NZ. He held academic teaching positions at each of Monash University, Melbourne and Stanford University Palo Alto, and pursued orthopaedic training in Melbourne.

From 1998 Dr Gilmour moved into the medical devices business, developing orthopaedic devices for the major markets. He founded Bodyworks Healthcare in New Zealand then Bodyworks Inc. in California. He is currently a Director and significant shareholder in Omni Life Science Inc., a US orthopaedic implant maker.

Since retiring from day to day management in 2004, Dr Gilmour has focused his attention on investment in medical devices in particular diagnostic assets in New Zealand and Australia. He is an adviser to several research institutions in New Zealand. He is the founding Director and a significant shareholder in a New Zealand based diagnostic investment company known as NZDX (New Zealand Diagnostics Limited).

Dr Gilmour has an extensive network in California and particularly in the diagnostic market segment.

Dr Gilmour has been a Director of Anteo since April 2008.

Director's Interests:	1,046,287 ordinary fully paid shares 1,666,667 options with an exercise price of 1.2 cents and an expiry date of 30 September 2010 2,689,810 options with an exercise price of 6.5 cents and an expiry date of 1 February 2011

COMPANY SECRETARY

The position of Company Secretary has been held by Mr Shane Hartwig since 24 May 2009. Mr Hartwig's experience is set out below.

Mr Hartwig is a Certified Practising Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Mr Hartwig is involved in the areas of IPOs, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice and is currently Company Secretary of ASX listed GLG Corp Limited and Forge Resources; and a Non Executive Director of ASX listed Uran Limited. Mr Hartwig has over fifteen years experience in the finance industry both nationally and internationally with exposure in both the debt and equity capital markets.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the year were the development and commercialisation of specialised surfaces used in life sciences, and the research & development of surfaces for specific binding of proteins ("abiotics"). The Company is applying capability in surfaces and binding of proteins to the development of invitro diagnostic tests.

There were no significant changes in the nature of the Company's principal activities during or after the end of the financial year.

CONSOLIDATED OPERATING RESULT

The net consolidated operating loss of the economic entity for the financial year, after providing for income tax, amounted to $2,255,405 compared with a loss for the 2009 year of $1,949,275.

As at 30 June 2010, the Company maintained cash reserves of $1,425,894 (2009: $953,354) which will be used in the further development and commercialisation of Anteo Diagnostics Limited proprietary technology.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid during the year and the Directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The review of operations is set out in the Chairman's Letter and CEO Report above.

AFTER BALANCE DATE EVENTS

There are no after balance date events that the Directors believe should be reported to shareholders other than:

- In August 2010 the Company, entered into a supply agreement with Merck Chimie as outlined in the CEO's Report;
- During the period to 28 September 2010 43,494,391 options in the Company were exercised and raised $ 521,933. The Company expects all remaining options with an exercise price of 1.2c and expiring on 30th September 2010 to be exercised by the expiry date.

FUTURE DEVELOPMENTS

Going forward the Company will focus on progressing its business strategy in the diagnostic market place.

ENVIRONMENTAL ISSUES

Anteo is licensed under the Queensland Health (Drugs and Poisons) Regulations 1996 for the use and storage of sodium cyanide.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Anteo Diagnostics Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Anteo Diagnostics Limited currently consists of a base salary, and in some cases the consideration of a short term cash incentive, and a long term incentive through the issue of options at the Board's discretion. The Board believes the policy is appropriate as it repositions itself in the market, aligning Director and executive objectives with shareholder and business objectives.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee, and approved by resolution of the Board. All executives receive a base salary and superannuation with options issued at the discretion of the Board. The Board of Directors review executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. Director and executive performance is evaluated based on achievement of Business Plan and objectives set by the Board. Performance evaluation of executive Directors and executives was carried out during the reporting period, in accordance with the remuneration policy.

Directors and executives receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Shares (if any) attained by Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using standard methodologies. The Company prohibits Directors and executives entering into transactions in associated products which limit the economic risk in relation to securities and enforce this policy.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration & Nomination Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Any changes to the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to performance of the economic entity. However to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan. Non-Executive Directors receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits.

Performance Based Remuneration

As part of each executive's remuneration package there is a performance based component, consisting of key performance indicators ("KPIs") which can effect the vesting of options that have been granted. The intention of this programme is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set with a certain level of consultation with Directors and executives to ensure "buy-in". The measures are particularly tailored to the areas each executive 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.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

During the financial year Dr Geoff Cumming was issued 2.5 million options pursuant to the terms of his CEO service agreement. These options form part of the Long Term Incentive component of his salary package and are subject to defined vesting conditions. These options have an exercise price of $0.02 on expiry date of 30th September 2012.

The Company's employees were issued a total of 6.25 million options forming the Long Term Incentive component of their salary package. These options vested immediately and have an exercise price of $0.02 and an expiry date of 30th September 2012. Details of options that were issued during the financial year are set out on page 19.

As stated above, the Board reviews staff incentives annually, incorporating bonus and share option elements. In the previous five years there have been two methods applied to achieve goal congruence between shareholders and executives, the first being a performance based bonus based on KPIs, the second being the issue of options to encourage the alignment of personal and shareholder interests.

Details of Directors' Remuneration for the Year Ended 30 June 2010

Parent Entity	Note	Base Fee / Salary	Bonus	Post Employment Super-annuation	Share Based Options	Other	Total
B Rathie	1	6,666	-	600	-	-	7,266
R Martin	2	38,150	-	-	-	-	38,150
L Iacusso	3	-	-	-	-	-	-
R Gilmour	4	-	-	-	-	60,000	60,000
J Henderson	5	60,000	-	-	-	-	60,000
G Cumming	6	258,792	114,679	33,612	506	-	407,590
Total		**363,608**	**114,679**	**34,212**	**506**	**60,000**	**573,006**

Emoluments of the specified executive officers of the group for the Year Ended 30 June 2010

Economic Entity	Note	Base Fee / Salary	Bonus	Post Employment Super-annuation	Share Based Options	Other	Total
J Maeji	7	149,056	-	45,618	304	-	194,978
N Abernethy	8	145,833	-	13,125	203	-	159,161
Total		**294,889**	**-**	**58,743**	**507**	**-**	**354,139**

A detailed list of Directors including their skills and experience can be found on page 12.

Notes regarding Directors and executive emoluments:

(1) Mr Rathie resigned on 26 August 2009.
(2) Mr Martin was a Director for the full year. Mr Martin is a director of Shubrick Investments Pty Ltd. Transactions with Shubrick Investments are disclosed as part of related party transactions in the Financial Statements.
(3) Ms Iacusso was a Director for the full year and is a Director of Transocean Group Pty. Limited. Transactions with Transocean are disclosed as part of related party transactions in the Financial Statements.
(4) Dr Gilmour was a Director for the full year and is a Director of Bodyworks Holdings Limited. Transactions with Bodyworks are disclosed as part of related party transactions in the Financial Statements
(5) Mr Henderson was appointed as a Director on 18 December 2009 and is a Director of Transocean Group Pty. Limited. Transactions with Transocean are disclosed as part of related party transactions in the Financial Statements.
(6) Dr Cumming was Chief Executive Officer for the full year.
(7) Dr Maeji was the Chief Scientific Officer for the full year.
(8) Dr Abernethy was the Chief Product Development and Research Officer for the full year.

Details of Directors' Remuneration for the Year Ended 30 June 2009

Parent Entity	Note	Base Fee / Salary	Bonus	Post Employment Super-annuation	Share Based Options	Other	Total
B Rathie	1	38,333	-	4,725	-	13,333	56,391
P Rayner	2	7,584	-	683	-	-	8,267
R Martin	3	34,971	-	-	-	-	34,971
L Iacusso	4	-	-	-	-	-	-
R Gilmour	5	-	-	-	-	105,223	105,223
J Henderson	6	-	-	-	-	-	-
G Cumming	7	104,387	-	9,395	-	-	113,782
Total		**185,275**	**-**	**14,803**	**-**	**118,556**	**318,634**

Emoluments of the specified executive officers of the group for the Year Ended 30 June 2009

Economic Entity	Note	Base Fee / Salary	Bonus	Post Employment Super-annuation	Share Based Options	Other	Total
J Maeji	8	94,350	-	100,324	-	-	194,674
N Abernethy	9	140,000	-	12,600	370	-	152,970
Total		**234,350**	**-**	**112,924**	**370**	**-**	**347,644**

Notes regarding Directors and executive emoluments:

(1) Mr Rathie was a Director for the entire 2009 financial year.
(2) Mr Rayner resigned as a Director on 16 September 2008.
(3) Mr Martin was a Director for the full year. Mr Martin is paid fees through First Cape Management Pty Ltd and Shubrick Investments Pty Ltd and further information is disclosed as part of related party transactions in the Financial Statements.
(4) Ms Iacusso was a Director for the full year and is a Director of Transocean Group Pty. Limited. Transactions with Transocean are disclosed as part of related party transactions in the Financial Statements.
(5) Dr Gilmour was a Director for the full year and is a Director of Bodyworks Holdings Limited. Transactions with Bodyworks are disclosed as part of related party transactions in the Financial Statements
(6) Mr Henderson was appointed as a Director on 18 December 2008 and is a Director of Transocean Group Pty. Limited. Transactions with Transocean are disclosed as part of related party transactions in the Financial Statements.
(7) Dr Cumming was appointed the Chief Executive Officer on 30 January 2009. On 6 April 2009, Dr Cumming became a Director on the Board.
(8) Dr Maeji was appointed as Acting CEO from 1 July 2008 to 30 January 2009. From 31 January 2009, Dr Maeji has held the position of the Chief Scientific Officer.
(9) Dr Abernethy was the Chief Product Development and Research Officer for the full year.

Performance Remuneration as a Proportion of Total Remuneration

During the year Dr Geoff Cumming was paid a bonus of $114,679. This payment was made in accordance with his employment contract following satisfaction of the KPIs adopted by the Board. The bonus represented 28% of Dr Cumming's remuneration for the year.

The options issued to executives and employees were not material in value and amounted to $1,722. No options were issued to any non-executive Director.

Options Issued as Part of Remuneration for the Year Ended 30 June 2010

	Granted No.	Options Granted as Part of Remuneration $	Total Remuneration Represented by Options %	Options Exercised $	Options Lapsed $	Total $
G Cumming	2,500,000	506	0.20	0	0	506
J Maeji	1,500,000	304	0.20	0	0	304
N Abernethy	1,000,000	203	0.14	0	0	203
Total	5,000,000	1,013				1,013

The terms and conditions of these options are as follows:

	Options Granted No.	Options Vested No.	Grant Date	Value per Option $	Exercise Price $	Expiry Date
G Cumming	2,500,000	2,500,000	17/09/2009	$0.0002	$0.0200	30/09/2012
J Maeji	1,500,000	1,500,000	17/09/2009	$0.0002	$0.0200	30/09/2012
N Abernethy	1,000,000	1,000,000	17/09/2009	$0.0002	$0.0200	30/09/2012
Total	5,000,000	5,000,000				

All options were granted for nil consideration.

Employment contracts of Directors and senior executives

The executives of the Company are employed on open-ended employment contracts that provide for termination by either party with notice. For Geoff Cumming and Joe Maeji, the notice period is 3 months and for Nevin Abernethy the notice period is one month. There are no special termination provisions.

None of the Non Executive Directors have contracts of employment directly with the Company. R Gilmour, through the mandate with Bodyworks Holdings Ltd, receives a retainer. This mandate may be terminated with 30 days notice.

There are no terms in any of the above agreements that provide for changes to remuneration for future periods. The Nomination and Remuneration Committee may review these arrangements annually or as required.

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of Directors, 4 meetings of the Audit & Risk Committee and 2 meetings of the Remuneration and Nomination Committee were held. Attendances were as follows:

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
Director	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
B Rathie	3	3	-	-	-	-
R Martin	9	8	4	4	3	3
L Iacusso	9	6	4	4	1	1
R Gilmour	9	9	-	-	-	-
J Henderson	9	8	-	-	4	4
G Cumming	9	9	-	-	-	-

INDEMNIFYING OFFICERS OR AUDITOR

The Company's Constitution provides that the Company will indemnify officers of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

The Company has paid premiums to insure the Directors and officers against such liabilities that may arise. The amount of the premium for the period was $23,270.

SHARE OPTIONS

At the date of this report, the un-issued ordinary shares of Anteo Diagnostics Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price (Post consolidation value)	Number under Option (Post consolidation number)
30 September 2005	18 December 2010	$0.52	23,036
30 September 2005	22 January 2011	$0.52	8,398
30 September 2005	1 April 2011	$0.52	49,191
30 September 2005	31 July 2011	$0.52	4,799
30 September 2005	13 September 2011	$0.65	9,598
30 September 2005	19 October 2011	$0.52	16,479
30 September 2005	1 January 2012	$0.65	60,790
30 September 2005	1 March 2012	$0.65	9,598
30 September 2005	1 April 2012	$0.65	72,152
30 September 2005	25 April 2012	$0.65	3,840
30 September 2005	31 October 2012	$0.65	4,800
30 September 2005	1 September 2013	$0.16	76,786
30 September 2005	18 December 2013	$0.16	3,656,206
30 September 2005	24 May 2014	$0.16	71,643
30 September 2005	1 October 2014	$0.16	71,987
30 September 2005	20 December 2014	$0.16	3,087,902
30 September 2005	20 January 2015	$0.16	105,865
30 September 2005	20 February 2015	$0.16	58,166
2 April 2008	2 February 2011	$0.065	**81,911,581
2 April 2008	1 April 2011	$0.055	14,356,713
31 July 2008	31 July 2013	$0.08	*72,329
31 July 2008	2 February 2011	$0.065	*3,000,000
19 September 2009	30 September 2012	$0.02	*8,750,000
	30 September 2010	$0.012	**101,193,228
			216,675,087

* Issued to Employees
** Listed on ASX

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no fees for non-audit services paid or payable to an associated firm of the external auditors during the year ended 30 June 2010.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 53 which forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

Mr James Henderson
Chairman
Dated this 29th day of September 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
		2010	2009
	Note	**$**	$
Sales revenue	2	**84,271**	226,312
Cost of sales		**-**	-
Gross profit		**84,271**	226,312
Other revenue from ordinary activities	2	**531,867**	575,607
Selling and distribution expenses		**(486,775)**	(324,651)
Occupancy expenses		**(33,000)**	(11,000)
Administrative expenses – Other		**(507,597)**	(564,700)
Borrowing costs	3	**(123)**	(201)
Research and development expenses		**(1,753,971)**	(1,769,450)
Impairment of financial assets		**(30,000)**	-
Other expenses from ordinary activities		**(60,077)**	(81,192)
Loss from ordinary activities before income tax benefit		**(2,255,405)**	(1,949,275)
Income tax benefit relating to ordinary activities	4	**-**	-
Loss from ordinary activities after income tax benefit	17	**(2,255,405)**	(1,949,275)
Total changes in equity other than those resulting from transactions with owners as owners		**(2,255,405)**	(1,949,275)
Basic loss per share (cents)	7	**(0.6)**	(1.1)
Diluted loss per share (cents)	7	**(0.4)**	(0.8)

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

ANTEO DIAGNOSTICS LIMITED
ABN 75 070 028 625

BALANCE SHEET AS AT 30 JUNE 2010

		Consolidated	
		2010	2009
	Note	**$**	$
CURRENT ASSETS			
Cash assets	8	**1,425,894**	953,354
Receivables	9	**53,271**	75,643
Other	10	**1,939**	1,541
TOTAL CURRENT ASSETS		**1,481,104**	1,030,538
NON-CURRENT ASSETS			
Property, plant and equipment	11	**242,102**	301,591
Intangible assets	12	**-**	-
Other financial assets	13	**-**	-
TOTAL NON-CURRENT ASSETS		**242,102**	301,591
TOTAL ASSETS		**1,723,206**	1,332,129
CURRENT LIABILITIES			
Payables	14	**204,406**	241,703
Provisions	15	**124,434**	57,826
TOTAL CURRENT LIABILITIES		**328,840**	299,529
TOTAL LIABILITIES		**328,840**	299,529
NET ASSETS		**1,394,366**	1,032,600
EQUITY			
Contributed equity	16	**24,153,408**	21,536,237
Accumulated losses		**(22,759,042)**	(20,503,637)
TOTAL EQUITY		**1,394,366**	1,032,600

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

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

	Ordinary Shares $	Options $	Accumulated Losses $	Total $
Balance at 1 July 2008				
Issued during the year	21,466,602	69,265	(18,525,655)	**3,010,212**
Options expense for the period	-	370	-	**370**
Converting Note Distributions	-	-	(28,707)	**(28,707)**
Losses attributable to members of the consolidated entity	-	-	(1,949,275)	**(1,949,275)**
Balance at 30 June 2009	**21,466,602**	**69,635**	**(20,503,637)**	**1,032,600**
Balance at 1 July 2009	**21,466,602**	**69,635**	**(20,503,637)**	**1,032,600**
Issued during the year	1,457,542	-	-	**1,457,542**
Capital raising costs	(117,229)	-	-	**(117,229)**
Conversion of converting notes into ordinary shares	1,275,086	-	-	**1,275,086**
Options expense for the period	-	1,772	-	**1,772**
Losses attributable to members of the parent entity	-	-	(2,255,405)	**(2,255,405)**
Balance at 30 June 2010	**24,082,001**	**71,407**	**(22,759,042)**	**1,394,366**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	2009 $
Cash Flows from Operating Activities:			
Receipts from customers and government grants		**549,510**	734,141
Payments to suppliers and employees		**(2,743,019)**	(2,796,997)
Borrowing costs		**(717)**	(568)
Interest received		**43,995**	127,304
Net cash used in operating activities	17 (i)	**(2,150,231)**	(1,936,120)
Cash Flows From Investing Activities:			
Proceeds from disposal of non-current assets		**20,000**	-
Payment for property, plant and equipment		**(12,628)**	(196,112)
Net cash provided by investing activities		**7,372**	(196,112)
Cash Flows From Financing Activities:			
Proceeds from share issues		**2,732,628**	-
Capital raising costs		**(117,229)**	-
Converting note distributions		**-**	(35,366)
Net cash provided by (used in) financing activities		**2,615,399**	(35,366)
Net increase (decrease) in cash held		**472,540**	(2,167,598)
Cash at start of year		**953,354**	3,120,952
Cash at end of year	8, 17 (ii)	**1,425,894**	953,354

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards.

Anteo Diagnostics Limited is a listed public company, incorporated and domiciled in Australia.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010. The financial report has been prepared on an accruals basis, except for cash flow information.

Going Concern

The financial statements have been prepared on the going concern basis.

The Board is continually assessing the capital needs of the Company's business and addressing the alternatives available to fund the operational requirements of the Company. The Company is currently in discussions with several parties with an expectation that further agreements relating to the sale or licensing of the Company's technologies will occur. By September 30, 2010, the Company expects that all options maturing on that date will be exercised, which should raise approximately $1.74 million. This capital raised from the exercise of the options combined with forecast revenue is expected to meet the cash needs of the Company for the next 12 months.

Given these factors, and the availability of the capital market as a source of funding, the Company Directors assessed the resources available to the Company and believe that the Company will be able to pay its debts as and when they fall due.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments with original maturities of three months or less.

(b) Comparatives

When required by accounting standards or accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of the services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the Income Statement.

(e) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

(f) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Goodwill

Pursuant to the adoption of AASB3 Business Combinations (reverse acquisitions), goodwill, representing the excess of the cost of combination to Bio-Layer Pty Limited over the fair value of the identifiable assets, liabilities and contingent liabilities acquired of Anteo Diagnostics Limited (formerly BioLayer Corporation Limited and prior to that SSH Medical Limited), was recognised as an asset and not amortised, and was tested for impairment. This impairment was recognised in profit or loss and will not be subsequently reversed.

(h) Government grants

Government grants are assistance by the government in the form of transfers or resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probably that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(k) Intangible assets

Patents, trademarks and licenses

Patents, trademarks and license costs are recognised as an expense in the period in which they are incurred.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(l) Overheads

The Company allocates overheads for the operating entity to their business cost centres. This procedure has been adopted in this period to more accurately represent operating costs of the economic entity.

(m) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after assessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(o) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	10% - 50%
Plant and equipment	20% - 40%
Furniture and office equipment	20% - 40%
Leased plant and equipment	20%

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue for a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is not recognised until each milestone has been successfully completed under the terms of the contract.

Royalties and licence fees

Royalty and licence fee revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(r) Share-based payments

Share-based payments are measured at fair value at the date of grant. Fair value for options is measured by use of the Black Scholes valuation model (a binomial model).

The fair value determined as at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(s) New accounting standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The 2009 comparatives contained in these financial statements may therefore differ from those published in the financial statements for the year ended 30 June 2009 as described below.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

- Adoption of AASB 101 Presentation of Financial Statements (revisions), AASB 2007-8 and 2007-10 Amendments arising from the revisions to AASB 101

  Anteo Diagnostics Limited have adopted the revisions to AASB 101 Presentation of Financial Statements in these financial statements which has resulted in the introduction of the statement of comprehensive income, changes to the statement of changes in equity, and other terminology changes.

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.

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;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  a. the objective of the entity's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- 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 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. 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. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. 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 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- 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.

(t) Critical Accounting Estimates and Judgements

Key Estimates - Impairments

The Company 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. Per AASB 136 value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The Board have critically considered the carrying value of the parent entity's investment (and corresponding associated inter-company receivable balance) at year end. The current commercial activity being undertaken by the Company combined with the lack of an informed market place to determine the fair value of the carrying amount of the parent entity's investment in its subsidiary Bio-layer Pty. Limited were significant factors in value assessment in accordance with AASB 139. Accordingly, the Board has resolved not to impair the carrying value of the investment and intercompany loan below the sum of $3.7million.

	Note	Consolidated 2010 $	2009 $
2. REVENUE			
Revenues from operating activities:			
Sale of goods and services		**84,271**	226,312
Grants, Rent and Other		**181,481**	448,303
R&D Tax Concession		**286,391**	-
Sale of non current assets		**20,000**	-
Interest - other corporations		**43,995**	127,304
		531,867	575,607
Total Revenue		**616,138**	801,919
3. LOSS FROM ORDINARY ACTIVITIES			
The loss from ordinary activities before income tax expense has been determined after:			
Amortisation of non-current assets:			
Leasehold improvements		**10,632**	17,780
Total amortisation of non-current assets		**10,632**	17,780
Depreciation of non-current assets:			
Plant and equipment		**54,009**	72,608
Furniture, office equipment and software		**7,475**	12,476
Total depreciation of non-current assets		**61,484**	85,084
Borrowing costs:			
Interest, other persons		**5**	201
		5	201
Movements in provisions:			
Doubtful debts		**30,000**	-
Employee benefits		**66,608**	7,695
		96,608	7,695
Operating lease rentals		**319,481**	335,793

	Note	Consolidated 2010 $	2009 $
4. INCOME TAX EXPENSE			
(a) The prima facie income tax on the loss from ordinary income tax is reconciled as follows:			
Prima facie tax calculated at 30% on losses from ordinary activities		**(676,622)**	(584,783)
Add/(deduct) tax effect of :			
- interest on converting note		**-**	(8,612)
- other deductible items		**(72,555)**	(61,888)
- impairment of financial assets		**17,997**	-
- options expensed for accounting purposes		**532**	110
Timing differences not brought to account to the extent of income tax losses		**730,648**	655,173
Income tax benefit attributable to ordinary activities		-	-
Weighted Average Effective Tax Rates		**-**	-
(b) Deferred Tax Assets arising from income tax losses not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(j) occur		**8,825,247**	8,809,900

5. DIRECTOR'S AND EXECUTIVES' REMUNERATION

(a) Directors and Executives

Names and positions held of parent entity Directors and specified executives in office at any time during the financial year have been included in the Directors Report.

(b) Parent Entity Directors' Remuneration and specified Executive Remuneration

Directors and specified Executives' remuneration has been included in the Remuneration Report section of the Directors Report.

(c) Remuneration Options

Directors and specified Executives' remuneration has been included in the Remuneration Report section of the Directors Report. Further information regarding value of options issued during the year is on page 17 of the Directors Report.

(d) Shares issued on exercise of remuneration options

No shares were issued on the exercise of remuneration options during the year ended 30 June 2010 (2009 Nil).

(e) Options holdings

Number of options held by or at the nomination of Parent Entity Directors (who held office during the year) as at 30th June 2010.

	Balance 1 Jul 09	Granted as Remuneration	Purchased Non Remuneration	Options Lapsed	Options Sold or Exercised	Net Change	Balance 30 Jun 10	Total Vested 30 Jun 10	Total Exercisable 30 June 2010
Parent Entity Directors									
J Henderson	48,047,228	-	25,318,217	-	33,000	25,285,217	73,332,445	73,332,445	73,332,445
R Gilmour	2,689,810	-	1,666,667	-	-	1,666,667	4,356,477	4,356,477	4,356,477
G Cumming	-	2,500,000	2,000,000	-	-	4,500,000	4,500,000	4,500,000	4,500,000
	50,737,038	**2,500,000**	**28,984,884**	**-**	**-**	**31,451,884**	**82,188,922**	**82,188,922**	**82,188,922**

Number of options held by or at the nomination of Specified Executives (who held office during the year) as at 30th June 2010:

	Balance 1 Jul 09	Granted as Remuneration	Purchased Non Remuneration	Options Exercised	Net Change	Balance 30 Jun 09	Total Vested 30 Jun 10	Total Exercisable 30 June 2010	Total Unexercisable 30 June 2010
Specified Executives									
J Maeji	5,660,142	1,500,000	2,000,000	-	3,500,000	9,160,142	9,160,142	9,160,142	-
N Abernethy	1,072,329	1,000,000	-	-	1,000,000	2,072,329	2,072,329	2,036,165	36,164
	6,732,471	**2,500,000**	**2,000,000**	**-**	**4,500,000**	**11,232,471**	**11,232,471**	**11,196,307**	**36,164**

(f) Shareholdings

Number of shares held by or at the nomination of Parent Entity Directors and specified executives as at 30th June 2010:

	Balance 1 Jul 09	Received as Remuneration	Rights Issue Alloted	Purchased Non-Remuneration	Sold	Options Exercised	Net Change	Balance 30 Jun 10
Parent Entity Directors								
Mr Bruce Rathie	1,040,000	-	-	-	-	-	-	1,040,000
Mr James Henderson	24,423,952	-	13,318,275	-	-	-	13,318,275	37,742,227
Mr Richard Martin	-	-	-	-	-	-	-	-
Mr Geoffrey Cumming	2,000,000	-	2,000,000	-	-	-	2,000,000	4,000,000
Mr Robert Gilmour	2,379,620	-	1,666,667	-	3,000,000	-	(1,333,333)	1,046,287
Ms Lara Iacusso	-	-	-	333,333	-	-	333,333	333,333
	29,843,572	**-**	**16,984,942**	**333,333**	**3,000,000**	**-**	**14,318,275**	**44,161,847**

(g) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company has been included in the Remuneration Report section of the Directors Report.

	Note	Consolidated 2010 $	2009 $

6. AUDITORS' REMUNERATION

Remuneration of the auditors of the company for:			
- Auditing or reviewing financial report		**48,165**	44,375
		48,165	44,375

7. EARNINGS PER SHARE (EPS)

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS		362,271,245	179,708,643
Weighted number of dilutive options outstanding		240,549,269	82,344,587
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS		602,820,514	262,053,230

	Note	Consolidated 2010 $	2009 $

8. CASH ASSETS

Cash on hand		**1,031**	949
Cash at bank		**1,278,201**	669,377
Deposits at call		**146,662**	283,028
		1,425,894	953,354

9. RECEIVABLES

CURRENT			
Trade debtors		**57,865**	55,232
Provision for impairment of receivables		**(30,000)**	-
		27,865	55,232
Other debtors		**25,406**	20,411
		53,271	75,643

Consolidated Entity

2010	Net Amount	Past Due but not impaired (days overdue) < 30	31-60	61-90	> 90	Within initial trade	Impairment Provision
Trade Debtors	27,865	7,006	3,246	-	-	17,613	30,000
Other debtors	25,406	-	-	-	-	25,406	-
Total	**53,271**	**7,006**	**3,246**	**-**	**-**	**43,019**	**30,000**
2009							
Trade Debtors	55,232	14,045	16,593	6,441	-	18,153	-
Other debtors	20,411	-	-	-	-	20,411	-
Total	**75,643**	**14,045**	**16,593**	**6,441**	**-**	**38,564**	**-**

Provision for Impairment of Receivables

Current trade receivables are non-interest bearing loans and generally on 14 day terms. A provision for impairment is recognised when there is an objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item.

A provision for the impairment of receivables has been raised against the full amount owing by the debtor as the account is more than 90 days outstanding of the Company's trade terms.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1/07/2009	Charge for the Year	Amount Provided For	Closing Balance 30/06/2010
Consolidated Group				
(i) Current Trade Receivables	-	-	(30,000)	(30,000)
Total	-	-	(30,000)	(30,000)

	Opening Balance 1/07/2008	Charge for the Year	Amount Provided For	Closing Balance 30/06/2009
Consolidated Group				
(i) Current Trade Receivables	-	-	-	-
Total	-	-	-	-

	Note	Consolidated 2010 $	Consolidated 2009 $
10. OTHER ASSETS			
CURRENT			
Prepayments		**1,939**	1,541
		1,939	1,541
11. PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment, at cost		**1,178,398**	1,232,976
Accumulated depreciation		**(1,024,087)**	(1,035,885)
		154,311	197,091
Furniture and fittings, office equipment, at cost		**476,344**	474,945
Accumulated depreciation		**(388,553)**	(370,445)
		87,791	104,500
Total Property, Plant and Equipment		**242,102**	301,591

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year is as follows:

Consolidated

2010	Furniture, Office Equipment	Plant and Equipment	Total
	$	$	$
Carrying amount at start of year	104,500	197,091	301,591
Additions	1,399	11,229	12,628
Depreciation / amortisation	(18,108)	(54,009)	(72,117)
Carrying amount at end of year	**87,791**	**154,311**	**242,102**

Consolidated

2009	Furniture, Office Equipment	Plant and Equipment	Total
	$	$	$
Carrying amount at start of year	129,708	82,218	211,926
Additions	6,718	189,393	196,111
Loss on Assets written down	(1,670)	(1,912)	(3,582)
Depreciation / amortisation	(30,256)	(72,608)	(102,864)
Carrying amount at end of year	**104,500**	**197,091**	**301,591**

	Note	Consolidated 2010	2009
		$	$
12. INTANGIBLE ASSETS			
Goodwill		**1,158,589**	1,158,589
Accumulated impairment losses		**(1,158,589)**	(1,158,589)
		-	-
13. OTHER FINANCIAL ASSETS			
Investment in financial assets			
Cosmedics Australia Ltd		**2,184,876**	2,184,876
Less provision for impairment		**(2,184,876)**	(2,184,876)
		-	-

	Note	Consolidated 2010 $	2009 $
14. PAYABLES			
Trade creditors		**71,978**	32,823
Sundry creditors and accrued expenses		**132,428**	208,880
		204,406	241,703
15. PROVISIONS			
CURRENT			
Employee benefits	15(a)	**124,434**	57,826
		124,434	57,826
(a) Aggregate employee benefits		**124,434**	57,826
(b) Number of employees at year end		**11**	11

	Note	Consolidated 2010 $	2009 $
16. CONTRIBUTED EQUITY			
Closing balance contributed equity		**24,153,408**	21,536,237
Balance at beginning of year:			
Opening balance contributed equity		**21,536,237**	21,535,867
Shares issued during the year:			
Issue of shares		**2,732,628**	-
Issue of options		**1,772**	370
Costs associated with share issues		**(117,229)**	-
Balance at the end of year			
Closing balance contributed equity		**24,153,408**	21,536,237
Ordinary shares at the beginning of reporting period		**180,109,739**	178,889,739
Shares issued during the period		**344,767,903**	1,220,000
Fully paid ordinary shares at reporting date		**524,877,642**	180,109,739

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

At 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.

On 10th November 2009 the Company completed a 1 for 1 rights and a placement and issued 219,609,739 shares at $0.006 each with an option exerciseable at $0.012 by 30th September 2010.

On 22nd January 2010 the company issued 18,833,333 shares at $0.006 with one attaching option exerciseable at $0.012 by 30th September 2010.

On 24th June 2010 the Company issued 537,678 shares at $0.05 for the amount of $26,884 being a share-based payment for reimbursement of expenses incurred by First Cape Management Pty. Ltd.

Capital Management

Management controls the capital of the group to ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, options, convertible notes and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

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 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.

		Consolidated	
	Note	2010	2009
		$	$
Total Payables	14	**204,406**	241,703
Less Cash and Cash Equivalents	8	**(1,425,894)**	(953,354)
Net Debt		**(1,221,488)**	(711,651)
Total Equity		**1,394,366**	1,032,600
Total Capital		**172,878**	320,949
Gearing Ratio		**N/A**	N/A

17. STATEMENT OF CASH FLOWS

i. Reconciliation of net loss after tax to net cash flows from operations:

	2010	2009
Net loss	**(2,255,405)**	(1,949,275)
Non-cash items:		
Depreciation	**72,117**	102,864
(Profit) / Loss on disposal of non current assets	**(20,000)**	-
Loss on Assets Written Off	**-**	3,582
Interest on convertible notes	**-**	6,660
Options issued	**1,772**	370
Changes in assets and liabilities:		
Decrease / (increase) in receivables	**22,372**	62,187
Decrease / (increase) in other current assets	**(398)**	(154)
(Decrease) / increase in trade creditors and accruals	**(37,297)**	(170,049)
(Decrease) / increase in other current liabilities	**66,608**	7,695
Net cash flows from operations	**(2,150,231)**	(1,936,120)

ii. For the purpose of this statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, as shown in note 8.

iii. Credit Facilities The economic entity has no unused credit facilities with Banks or other financial institutions.

18. SEGMENT REPORTING

The Company operated primarily within Australia during the financial year. As a result, the Directors have not provided analysis of the secondary geographical segments due to insignificant overseas income earned in this reporting period.

19. RELATED PARTY TRANSACTIONS

Other than approved share transactions performed by Directors the Company conducted the following related party transactions:

1. **Transocean Group Pty Ltd**

    a. James Henderson is a Director and the beneficial owner of Transocean Group Pty Ltd.

    b. Lara Iacusso is a Director of Transocean Group Pty Ltd but does not hold any ownership interest in this company.

    c. Transocean Group is a substantial shareholder of the Company. Transocean Securities Pty Ltd and Cardrona Capital Pty Ltd are wholly-owned subsidiaries of Transocean Group Pty Ltd.

    d. During the year Transocean Securities Pty Ltd had the following related party transactions with the Company:

        i. In December 2007, Transocean Securities entered into an exclusive mandate to provide capital raising and corporate advisory services to the Company. Transocean Securities received the following fees during the year:

        - Monthly retainers paid under the mandate - $180,000 (2009: $180,000).
        - Chairman's fees for James Henderson - $60,000 (2009: $30,000)
        - Additional fees for adviser services pursuant to the mandate $67,918 (2009: $36,250)
        - Office rent to the Company - $33,000 (2009: $13,750)

    e. During the year Cardrona Capital Pty Ltd was contracted to provide company secretarial services to the Company. Total fees paid were $60,000 (2009: $56,500) of which $5,000 was outstanding at year end (2009 Nil).

2. **Bodyworks Holdings Pty Ltd**

    In December 2007, the Company entered into a mandate with Bodyworks Holdings Pty Ltd to provide strategic technological advisory services to the Company. Dr Robert Gilmour is a Director and owner of this Company. As part of this mandate, Bodyworks Holdings Pty Ltd received the following fees during the year:

    a. Consulting fees - $60,000 (2009: $105,223). Note these amounts are included in Directors Remuneration in the Director's Report.

    b. Fully paid ordinary Anteo shares – Nil (2009: 1,379,620)

3. **Shubrick Investments Pty Ltd**

    Richard Martin is a Director of Shubrick Investments Pty Ltd. During the year, Shubrick Investments Pty Ltd invoiced the Company for the following services on behalf of Mr Martin:

    a. Director's fees - $38,150 (2009: $22,254 and First Cape Management Pty. Ltd $12,717). Note these amounts are included in Directors Remuneration in the Director's Report.

b. Fees for Mr Martin acting in the capacity of Chief Financial Officer - $33,520 (2009: $15,500 and First Cape Management Pty. Ltd $27,000).

Share Transactions of Directors - Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the equity interests set out in Note 5.

20. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report. This lease relates to the current business premises and expires in November 2012.

	Note	Consolidated 2010 $	Consolidated 2009 $
Operating Lease Commitments			
Payable:			
- Not later than one year		**244,318**	280,842
- Later than one year and not later than five years		**359,738**	600,120
		604,056	880,962

(b) Capital expenditure commitments

		2010	2009
ii. Capital Expenditure Commitments			
Plant and Equipment Purchases		**65,000**	-
		65,000	-
Payable:			
- Not later than one year		**65,000**	-
		65,000	-

(c) Operating Lease Receivable

The existing business premises are subleased to independent parties until November 2011.

		2010	2009
Operating Lease Receivables			
Receivable:			
- Not later than one year		118,318	61,332
- Later than one year and not later than five years		49,867	11,194
		168,185	72,526

21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payables, loans to and from subsidiaries and convertible notes.

The main purpose of non-derivative financial instruments is to raise finance for group operations. There are no derivatives used by the Group.

i. Treasury Risk Management

The senior management of the Group regularly analyse the financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on the financial performance.

The senior management operates under policies approved by the Board of Directors, Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

ii. 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.

Interest Rate Risk

There is no significant interest rate risk as the group does not have any external debt. For further details on interest rate risk refer to Note 21 (b) (iii).

Foreign Currency Risk

The consolidated entity is not exposed to significant financial risks from movements in foreign exchange rates as there are no material financial assets and liabilities denominated in foreign currencies. This is inclusive of both on and off balance sheet financial instruments. The Group does not participate in any type of hedging transaction or derivatives.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

Trade debtors that are neither pas due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

(b) Financial Instruments

i. Net Fair Values

For all financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

ii. Financial Instruments composition and maturity analysis

The tables below reflect the settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

Trade and sundry payables are expected to be paid as follows:

	Note	Consolidated 2010 $	2009 $
Trade and Sundry Payables are expected to be paid as follows:			
- Less than 6 months		**204,406**	241,703
		204,406	241,703

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest Bearing		Total	
					Within 1 year		1 to 5 years					
Consolidated Group	2010 %	2009 %	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets												
Cash	**4.50%**	4.30%	**1,307,894**	688,827	-	264,527	**118,000**	-	-	-	**1,425,894**	953,354
Receivables	**0.00%**	0.00%	-	-	-	-	-	-	**53,271**	75,643	**53,271**	75,643
Total Financial Assets			**1,307,894**	688,827	-	264,527	**118,000**	-	**53,271**	75,643	**1,479,165**	1,028,997
Financial Liabilities												
Payables	**0.00%**	0.00%	-	-	-	-	-	-	**204,406**	241,703	**204,406**	241,703
Total Financial Liabilities			-	-	-	-	-	-	**204,406**	241,703	**204,406**	241,703

iii. Sensitivity Analysis

Interest Rate Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Note	Consolidated 2010 $	Consolidated 2009 $
Change in Profit			
- Increase in Interest Rate by 2%		**28,518**	19,067
- Decrease in Interest Rate by 2%		**(28,518)**	(19,067)
Change in Equity			
- Increase in Interest Rate by 2%		**28,518**	19,067
- Decrease in Interest Rate by 2%		**(28,518)**	(19,067)

22. CONTROLLED ENTITIES AND PARENT ENTITY DISCLOSURES

		2010	2009
Parent entity:			
• Anteo Diagnostics Limited	Aust		
Subsidiaries:			
• Bio-Layer Pty Limited	Aust	**100%**	100%
• Aged Care Diagnostics Pty Limited	Aust	**100%**	100%

	Company 2010 $	Company 2009 $
Result of the Parent Entity		
Net Loss	**561,958**	2,084,290
Financial Position of Parent Entity		
Current assets	2,942,967	936,967
Non current assets	3,700,001	3,700,078
TOTAL ASSETS	**6,642,968**	4,637,045
Current liabilities	68,455	117,745
TOTAL LIABILITIES	**68,455**	117,745
NET ASSETS	**6,574,513**	4,519,300
EQUITY		
Contributed equity	**44,891,627**	42,274,456
Accumulated losses	**(38,317,114)**	(37,755,156)
TOTAL EQUITY	**6,574,513**	4,519,300

23. AFTER BALANCE DATE EVENTS

There are no after balance date events that the Directors believe should be reported to shareholders other than:

- In August 2010 the Company, entered into a supply agreement with Merck Chimie as outlined in the CEO's Report;

- During the period to 28 September 2010 43,494,391 options in the Company were exercised and raised $ 521,933. The Company expects all remaining options with an exercise price of 1.2c and expiring on 30th September 2010 to be exercised by the expiry date.

The financial report was authorised for issue on the 29 September 2010 by the Board of Directors.

24. COMPANY DETAILS

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

4/26 Brandl Street
Eight Mile Plains QLD 4113

DIRECTORS' DECLARATION

The Directors of Anteo Diagnostics Limited declare that:

(1) The financial statements and notes, as set out on pages 23 to 51 are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards, the Corporations Regulations 2001;and

(b) give a true and fair view of the financial position as at 30 June 2010 and of the financial performance for the year ended on that date of the Company and the economic entity,

(2) The Chief Executive Officer and the Chief Financial Officer have declared that :

(a) The financial records for the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(b) The financial statements and notes for the financial year comply with the Accounting Standards; and

(c) The financial statements and notes for the financial year give a true and fair view.

(3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable having regard to the disclosures made in Note 1 to the financial statements.

Signed in accordance with a resolution of the Board of Directors

Mr James Henderson
Chairman
Dated this 29th day of September 2010

Grant Thornton

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF
ANTEO DIAGNOSTICS LIMITED**

Grant Thornton Queensland Partnership
ABN 13 131 589 059

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W www.grantthornton.com.au

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Anteo Diagnostics Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON QUEENSLAND PARTNERSHIP
Chartered Accountants

Dan Carroll

D J Carroll
Partner

Brisbane, Dated 29 September 2010

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANTEO DIAGNOSTICS LIMITED

Grant Thornton Queensland Partnership
ABN 13 131 589 059

Ground Floor
102 Adelaide Street
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Report on the financial report

We have audited the accompanying financial report of Anteo Diagnostics Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and 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 to the financial report and the directors' declaration of the consolidated entity 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 are 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. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

1 The financial report of Anteo Diagnostics Limited is in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of it's performance for the year ended on that date; and

b complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2 The financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Significant uncertainty regarding continuation as a going concern
Without qualification to the opinion expressed above, attention is drawn to the following matter. During the year, the Company signed supply and license agreements for the use of its technology. Orders and license fees from these contracts to date have not yet reached a level from which significant revenues have been earned. The Company is in advanced discussions with several other potential users of the Company's technology and for the supply of its products.

As noted in note 1, the Board is continually assessing the capital needs of the Company's business and addressing the alternatives available to fund the operational requirements of the Company.

If the current (and future) contracts do not generate significant future sales / license fees, and Anteo Diagnostics Limited is unable to seek alternative sources of capital, there exists significant uncertainty as to whether the Company and its controlled entities would be able to continue as a going concern and may therefore be forced to realize its assets and extinguish its liabilities other than in the normal course of business, and at amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the Remuneration Report included in pages 15 to 19 of 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 on the remuneration report

In our opinion, the Remuneration Report of Anteo Diagnostics Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON QUEENSLAND PARTNERSHIP
Chartered Accountants

Dan Carroll

D J Carroll
Partner

Brisbane, Dated 29 September 2010

ADDITIONAL ASX INFORMATION

SHAREHOLDINGS AS AT 24 SEPTEMBER 2010

Distribution of shareholdings:

Holding From	Holding To	No. of Holders	Total Shares Held	%
1	1,000	1,049	493,632	0.09
1,001	5,000	470	1,156,208	0.21
5,001	10,000	198	1,586,950	0.29
10,001	100,000	748	33,721,433	6.15
Holdings larger than	100,000	456	511,636,874	93.26
TOTAL		**2,921**	**548,595,097**	**100.00**

Voting rights:

In accordance with the Company's constitution, the following rights to vote apply to members holding ordinary shares:

(a) On a show of hands every member present in person or by proxy or attorney or representative will have one vote; and

(b) on a poll every member present in person or by proxy, attorney or representative will have one vote for each fully paid share held.

Holdings less than a Marketable Parcel:

As defined by the ASX Listing Rules a marketable parcel is a parcel of securities of not less than $500 in value based on the closing price on SEATS the date before the issue of the notice. At the date of this report, in relation to ordinary shares in the Company, a marketable parcel equates to 11,111 ordinary shares. The number of shareholders holding less than a marketable parcel and the number of shares held by them were as follows:

No. of holders holding less than a marketable parcel	1.174
No. of shares held	545,039,642

Names and details of substantial shareholders

The following is a listing of Substantial Shareholders as at 24 September 2009.

Name of Substantial Shareholder	Shares held	% of Total Shares	Listed Options Held	% of Total Listed Options
Coates Myer & Company Pty Limited	53,762,113	9.80	9,927,124	12.11
First Cape Management Pty Ltd <FCM Unit A/c>	38,927,437	7.10	2,214,246	2.70

ANTEO DIAGNOSTICS LIMITED
ABN 75 070 028 625

ADDITIONAL ASX INFORMATION

Top 20 shareholders

The following is a listing of the 20 largest shareholders at 24 September 2010 together with the number of shares held and the percentage of total shares held.

Shareholder	Shares held	% of Total
Coates Myer & Company Pty Limited	53,762,113	9.800
First Cape Management Pty Ltd <FCM Unit A/c>	38,927,437	7.096
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/c>	18,732,753	3.415
Transocean Securities Limited	15,742,227	2.870
Mr Stephen Charles O'Halloran	15,280,000	2.785
Mr Ian Andrew Noble & Mrs Annette Joy Noble <Noble Family Retire Fund a/c>	14,740,000	2.687
Miss Wei Wei Wai	11,800,000	2.151
Nimrod Finance Limited	11,511,716	2.098
Mr Thomas David Cumming	10,083,333	1.838
ACT 2 Pty Limited	10,000,000	1.823
Mr Robert Thomas & Mrs Kyrenia Thomas <Rob Thomas Super Fund>	7,500,000	1.367
Mr Stephen Charles O'Halloran	6,242,873	1.138
Mr George Hatziandoniou	6,041,149	1.101
Transocean Nominees Pty Ltd	6,000,000	1.094
Queenstown Unlimited Limited	5,454,980	0.994
Troubadour Holdings Limited	5,250,000	0.957
Mr Philip Michael Deavin & Mrs Chimene Maree Deavin	5,044,000	0.919
Asia Union Investments Pty Ltd	5,000,000	0.911
Ron Medich Properties Pty Ltd <The Rob Medich S/Fund A/c>	5,000,000	0.911
Mr Nobuyoshi Joe Maeji	4,815,781	0.878
Top 20 shareholders total	**256,928,362**	**46.834**

LISTED OPTION HOLDINGS AS AT 24 SEPTEMBER 2010

Distribution of option holdings quoted on ASX:

Holding From	Holding To	No. of Holders	Total Options Held	%
1	1,000	141	41,792	0.05
1,001	5,000	36	91,052	0.11
5,001	10,000	8	52,635	0.06
10,001	100,000	14	419,486	0.51
Holdings larger than	100,000	11	81,306,626	99.26
TOTAL		**210**	**81,911,591**	**100.00**

Voting rights:

Until shares are issued pursuant to the exercise of an Option, the holder of an Option has no voting rights.

Top 20 option holders

The following is a listing of the 20 largest option holders at 24 September 2010 listed on ASX together with the number of options held and the percentage of total listed options held.

$0.065 options expiring 2 February 2011

Option Holder	Options held	% of Total
Transocean Securities Pty Ltd	48,047,228	58.657
Coates Myer & Company Pty Limited	9,927,124	12.119
HSBC Custody Nominees (Australia) Limited - a/c 3	9,645,782	11.776
Asia Union Investments Pty Ltd	6,215,343	7.588
Bodyworks Holdings Limited	2,689,810	3.284
First Cape Management Pty Ltd <fcm unit a/c>	2,214,246	2.703
National Nominees Limited	892,875	1.090
Mr Thomas Roughan Pickett-Heaps	554,218	0.677
Abn amro Clearing Sydney Nominees Pty Ltd <custodian a/c>	500,000	0.610
Dr Henry Martin Stenning	370,000	0.452
Mrs Catherine Greenbury	250,000	0.305
Peter & Wendy Pty Ltd <Geoff & Robyn Raymond sf a/c>	87,500	0.107
Mr Trevor Wayne Greenaway	60,600	0.074
Ms Christine Lynett Randell	50,000	0.061
Ms Judith Martin	36,000	0.044
Mr Jeffrey Owen Dettmann	25,000	0.031
Mr Ahmad Golestan-Nejad	25,000	0.031
Mr Anthony Joseph Falzon	23,725	0.029
Mr Hugh Rossberg Whitehead	22,375	0.027
Mr Robert Charles Heading	19,040	0.023
Top 20 option holders total	**81,655,866**	**99.688**

On-market buy-back There is currently no proposal to undertake an on-market buy-back of the Company's securities.

Company Secretary: Mr Shane Hartwig

Company Registered Office: 4/26 Brandl Street,
Eight Mile Plains QLD 4113
(07) 3219 0085

Share Registry: Registries Limited
Level 7, 207 Kent Street
Sydney.NSW 2000
1300 737 760

Stock Exchange Listing: The Company's securities are quoted on the official list of the ASX.
The ASX listing code for the Company's securities is:

Ordinary shares	-	ADO
Options to acquire ordinary shares	-	ADOO
Options to acquire ordinary shares	-	ADOOA

Unquoted Securities:

(a) *Employee Option Plan*
The Employee Option Plan dated 30 August 1999, provides that employees may be issued options to acquire shares in the Company. These options are not quoted on the Australian Stock Exchange. As at 28 September 2010 the total number of Options issued under the Employee Option Plan was 9,322,329 held by eleven holders.

(b) *Other Unlisted Options*
The following unlisted options to acquire ordinary shares are on issue as at 15 September 2010:

Options issued on conversion of notes	14,356,713
Options issued to the vendors of Bio-Layer	7,391,236
Total other unlisted options to acquire ordinary shares	**21,747,949**

The 21,747,949 options are held by 23 holders. The following entity holds more than 20% of these unlisted options:

Coates Myer & Company Pty Ltd	9,927,124

(c) *Unquoted shares*

There were nil unquoted fully paid ordinary shares as at 24 September 2010.