

VENTUREAXESS GROUP LIMITED

A.B.N. 42 087 426 953

ANNUAL REPORT

30 June 2011

Company Directory

Directors

Karalyn Day	Chief Executive Officer	Resigned (25 May 2011)
Richard Green	Non-Executive Chairman	(Appointed 21 April 2008)
David Hickie	Executive Director	(Appointed 22 October 2009)
Simon Van Assche	Non-Executive Director	(Appointed 22 October 2009)
Charles Wantrup	Independent Non-Executive Director	(Appointed 17 November 2009)

Company Secretary

Karalyn Day	(appointed 3 October 2007 resigned 25 May 2011)
David Hickie	(appointed 25 May 2011)

Registered Office

Level 7
160 Queen Street
Melbourne Vic 3000

Postal Address:

Level 7
160 Queen Street
Melbourne
AUSTRALIA

Telephone: 03 9670 2122
Facsimile: 03 9923 6303
E-mail: info@ventureaxess.com

Share Registry

Share Transfers Registrars Pty Ltd
770 Canning Hwy
Perth WA 6153

Telephone: 08 9315 2333
Facsimile: 08 9315 2233

Auditors

C W S Sincok & Co
Level 4
112 Wellington Parade
East Melbourne VIC 3000

Stock Exchange Listing

VentureAxess Group Limited shares and options are quoted on the National Stock Exchange and coded as "VAX" and "VAXO" respectively.

Directors' Report (continued)

The Board of Directors of VentureAcess Group Limited ("the Company") present their report on the consolidated entity (referred to hereafter as "the Group" or "Consolidated Entity") consisting of VentureAcess Group Limited and its controlled entities for the financial year ended 30 June 2011.

Directors

The names and details of the directors of VentureAcess Group Limited in office at the date of this report are:

**Karalyn Day
(CEO)(Resigned 25 May 2011)**

Karalyn has worked in the venture capital industry for the last 10 years, prior to which she managed a Japanese backed investment company. She has past experience as a state sales and channels manager of a publicly listed telecommunications company and in para-legal and legal practice management. Karalyn also has 12 years successful and extensive experience in the health industry and is currently a Director of VentureAcess Limited, VentureAcess Fund Managers Limited and Heart Assist Technologies Pty Ltd as well as being Company Secretary to various companies in the VentureAcess Group and its investee companies.

Appointed to the Board 1 May 2007Resigned 25 May 2011.

**Richard Green
Non-Executive Director**

Richard has been actively involved over a number of years in conducting numerous capital raisings, company floats and restructures in Australia and the United Kingdom. This includes transforming the Pharmacy College of Victoria from a very small lab based consultancy into a company that now has a market capitalisation of over \$80 million. He has also been an active investor, director and chairman of several corporations. He is currently the Chairman of Queensland Trustees and Investment Limited and Managing Director of Authorised Investment Fund Limited, both of which are ASX listed companies.

Appointed to the Board on 21 April 2008.

**Charles Wantrup
Independent Non-Executive
Director**

Charles Wantrup has been practicing exclusively as a commercial solicitor for over 30 years. He has extensive experience in funding and financing, taxation law and practice, intellectual property law, industrial relations, international trade and investment and in corporation's law, capital raising and mergers and acquisitions. A key aspect of his approach to providing services is his concentration on structuring business enterprises. This involves an understanding of corporations and other business structures, both in Australia and overseas, at a legal and accounting level. He has pioneering experience in the establishment and structuring of high technology companies, mining joint ventures and venture capital funds.

Appointed to the Board on 17 November 2009.

Directors' Report (continued)

David M Hickie
Executive Director

David Hickie has over 40 years experience in banking, finance and funds management. His experience extends across the banking, building society, friendly society and credit union movement from 1969 to 1983 before entering funds management.

David worked for the Queensland and Federal Governments in assisting the setting up of the Cape Bank Limited to provide banking services to the remote areas of Cape York for Indigenous people, David also helped introduce the Family Income Management Program to the women of Cape York causing budgeting systems to be introduced and a savings mentality to be generated and ultimately an increase in the wealth in the community.

David has had extensive experience in the management of various listed and unlisted trusts, including Mortgage and Property Trusts, Mortgage Securitisation, Equity Funds, Healthcare/Hospital Funds and Master Superannuation Funds particularly through his previous directorships and his time at Oceanic and Global Funds Management Australia Limited.

Appointed to the Board on 22 October 2009

Simon Van Assche
NonExecutive Director

Simon has degrees in Law/Commerce at the University of Melbourne. He was admitted as a Barrister and Solicitor of the Supreme Court of Victoria in 1979.

Simon has been involved in a senior capacity in the investment banking industry for over twenty five years both in Australia and for periods in London, New York and Tokyo.

These positions involved opening the London office of DBSM (now UBS), Head of Capital Markets London and New York (BZW), Director International Capital Markets Daiwa (Tokyo), and Director Structured Finance Merrill Lynch.

During this period Simon developed expertise over the entire asset class spectrum including debt, equity, property, including structured debt and equity capital markets, structured finance, securitisation, infrastructure, equity raisings and property funds management.

Simon was also founding director of York Capital Limited and Lamont Capital Limited. These companies are specialist property investment banking conduits. They are the structured financial and legal project manager in large property transactions. They both coordinate and act in a lead role with experts in public property acquisitions. Simon has successfully completed over \$650 million of listed and unlisted property management investment schemes over the past ten years.

Appointed to the Board on 22 October 2009

Directors' Report (continued)

On behalf of the Board of VentureAcess Group Limited, I am pleased to report on the activities of the Company over the last 12 months.

Principal Activities

VentureAcess Group Limited ("VAX") is an Australian company which provides Funds Management and Corporate Advisory Services. VAX is listed on the National Stock Exchange of Australia (NSXA - see www.nsx.com.au – stock code: VAX).

Review of Operations

For the twelve month period ended 30 June 2011 the Company made a loss after tax of (\$1,594,079) (2010: loss (\$3,321,955) which included an investment write-off of \$1,480,789.

The company was funded through a DOCA by Credit Elect Pty Ltd (**Credit Elect**) with a number of other parties.

The DOCA provided for the conversion of various categories of debt into ordinary shares in the Company, thus freeing the Company from much of its debt and paving the way for a relisting.

The conversion of debt led to the issue of new shares equaling 65% of the resulting fully diluted capital of the Company. All shares are ordinary shares ranking equally.

A number of negotiations took place during the financial year to establish agreements or interest in the sale of investments held by Medical Science Australia Pty Ltd (**MSA**) which is a subsidiary of the Company. An agreement was reached to sell an investment (Heart Assist Technology) for shares in a medical products company which was expected to be relisted on ASX. This relisting has been delayed and it is unlikely that this sale will proceed.

The Company has gained interest in the purchase or licensing of the aquaculture technology investment controlled by MSA and during the year completed cash flow forecasts and funding estimates required to start that business. Discussions have been initiated with a number of parties that are listed and in the fishing industry along with Chinese investors and the Company expects to obtain a licensing agreement over the next 12 months with a number of identified parties.

The Company has also had expressions of interest in other MSA investments in the food tracking and lighting business both from existing and new shareholders.

Likely developments and expected results of operations

It is likely that some of the investments held by MSA will be disposed of during the next financial year.

The Company entered into a funding line with a professional investor and a strategic investment alliance with Credit Elect Pty Ltd (**Credit Elect**).

The incentive for the funding was the transfer of 15,000,000 options to acquire ordinary shares in the Company at an exercise price of 0.05c expiring 31 August 2014 which were held by Custodian Company Pty Ltd (in trust for Credit Elect).

Another professional investor is expected to subscribe for a placement of convertible notes which will provide \$1,000,000.00 in capital to the Company.

A rights issue is planned for the first quarter of 2012 to raise \$2 million, of which \$1 million may be used to repay the convertible note. The balance is to be used to assist in realising assets owned by Medical Science Australia Pty Limited and other investments that may arise in the financial services industry.

Directors' Report (continued)

To date, VAX has been dedicated to delivering advice and investment to emerging business in Australia. Services range from corporate advisory and capital raising to IPO support, direct investment and funds management.

It is anticipated that VAX will extend its range of financial services to provide a full suite of services and products to individuals, families and communities. Particular emphasis will be placed on ethical business practices and socially responsible projects where appropriate. This includes the extension of VAX's traditional corporate advisory activities.

The cornerstone of this strategy will be a part acquisition of Credit Elect. This company has a proprietary electronic wallet system (through a debit visa card) which provides a powerful platform to assist people to manage their finances. The fully automated program allocates funds to pays bills and other expenses. The aim is to assist with debt reduction and establish robust financial management practices.

Credit Elect has negotiated to manage a number of Family Income Management (FIM) programs for Indigenous Communities in Queensland, NT, South Pacific and China. It has just won the mandate to roll out the program from Central Australia to Northern Territory.

The program could potentially administer other Government welfare payments as well as offer debt recovery services to any number of commercial enterprises such as credit card providers and utility companies. Individuals can also sign up for the program on their own accord.

As well as debt management, Credit Elect also offers credit advice and financial literacy education towards participants' long term financial security. To this end, VAX intends to invest in a number of financial service providers to offer savings plans, banking services, financial planning, insurance and loan products, funds management and partnership programs with local communities. A system of referral and word-of-mouth is expected to increase the number of clients using the related services.

Credit Elect currently holds the management rights to the Big Australian Co-Operative Limited and also has arrangements in place with My Rewards to introduce loyalty programs to be attached to the Credit Elect debit card which will be issued via the Big Australian Co-Operative.

The Big Australian Co Operative

The Big Australian Co-Operative is a retail banking cooperative that will give members access to low cost banking and other benefits such as discounted goods and services. It will also offer members access to the full suite of financial products and services offered by VAX's other partners. The Co Operative is managed by Credit Elect under a long term management contract.

My Rewards

My Rewards offers rewards, loyalty and employee benefit programs for companies, banks, not-for-profit organisations, membership programs and clubs, unions and students. The company has a database over 900,000 people, which can be accessed to identify potential clients in need of Credit Elect's credit advice and debt management programs.

VAX would also be in a position to offer a variety of special financial services packages as part of My Rewards loyalty and benefit programs. Similarly, VAX's partners will be able to introduce the My Rewards programs to their client base.

Secured Convertible Note

The basic terms of the convertible note are as follows:

Term Sheet for Convertible Notes and/or Convertible Loans Sum to VentureAcess Group Limited \$1.0M AUD

1. 6% pa yield on both Convertible Notes
2. Yield payable quarterly in arrears*
3. Debenture Charge over net real assets*

Directors' Report (continued)

4. Maturity; 12 months.
5. Draw down for completion of the purchase and shortfall of the rights issue.
6. Conversion: \$1.0M worth of shares at rights issue price from those shares not subscribed under the rights issue *
7. 10M \$0.08 2-year options

Use of proceeds

The funds raised by the issue of the Placement Shares will be used by the Company for working capital purposes including investing in Credit Elect as detailed below.

1) **Term Sheet for a Cumulative Redeemable Preference Shares Sum to \$500,000 CREDIT ELECT PTY LTD.**

Credit Elect is seeking to raise \$500,000 via the issue of 1,875,000 cumulative convertible preference shares at 6% pa for a maximum term of 5 years converting to 15% of its ordinary share capital. The capital will finance completion of software projects and provide working capital.

2) **Term Sheet for a Secured Notes Sum to \$330,000 CREDIT ELECT PTY LTD.**

6.00% pa yield on Secured Notes

Yield payable monthly in arrears

Maturity: 12 months with funders granted an option to extend for another 12 months

The professional investor will also have the option of obtaining up to 60% of the ordinary share capital of Credit Elect to be transferred to VentureAxess Group Limited.

Directors' Report (continued)

Two Year Summary of Performance

As the Company listed on 16 September 2005, only 30 June 2010 & 2011 figures have been included.

	2011	2010
	\$	\$
Gross Revenue	47,118	16,754
Net Profit (Loss) before tax	(1,594,079)	(3,321,955)
Total Assets	3,040,972	3,200,925
Total Liabilities	666,283	712,300
Shareholders' funds	2,374,689	2,488,625
Earnings (loss) per share (AUD\$)	(0.005)	(0.028)
Dividends per share	Nil	Nil
Net tangible Assets(deficiency) per share (AUD\$)	0.007	0.021

Matters subsequent to the end of the financial year

A share placement was made to raise \$119,860 to enable the company to be relisted by mid-January 2012.

It is intended that an AGM and an EGM will be mid-February 2012 at which time a rights issue will be undertaken to raise up to \$2 million of which \$1 million will be used to repay the secured convertible note if so required and provide further investment capital to expand the investment into financial services and education and assist in realising Medical Science assets.

The Board expects to apply for the quoting of the company within 2 days of lodgement of this audited report with the NSX.

Environmental regulation

The Consolidated Entity's operations were not subject to any particular and significant environmental regulation during the financial year.

Shares under option

Unissued ordinary shares under option at the date of this report are as follows:

Expiry Date	Issue Price of Shares	Number of Shares Under Option
30 June 2014	0.05cents	25,000,000
31 August 2014	0.05cents	35,000,000
30 August 2012	0.02 cents	50,000,000

Options holders do not have any rights under the options to participate in any share issue of the Company.

Shares issued on the exercise of options

Nil

Directors' Report (continued)

Meetings of directors

The numbers of meetings of the board of directors and of each board committee held during the year, and the number of meetings attended by each Director were as follows:

Director	Board Meetings		Board Committee Meetings Audit Committee	
	A	B	A	B
Karalyn Day	2	2		
Richard Green	3	3	2	2
David Hickie	3	3	2	2
Charles Wantrup	3	3		
Simon Van Assche	3	3		

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

Directors' interests in shares and options

Directors' interests as at the date of this report in shares and options over shares issued by the Company were as follows:

Director	No. of ordinary shares in which relevant interest held	No. of options in which relevant interest held
Karalyn Day	21,399,563	26,000,000
David Hickie	44,578,060	25,000,000
Richard Green		19,000,000
Charles Wantrup		10,000,000
Simon Van Assche	33,726,576	17,500,000

Non-audit services

Nil

Remuneration report

Directors' Report (continued)

The remuneration report is set out under the following headings:

- A. Principles used to determine the nature and amount of remuneration**
- B. Details of remuneration**
- C. Service agreements**
- D. Equity-based compensation**

The information provided under headings A-D includes remunerations that are required under AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

Directors' Report (continued)

Remuneration report (continued)

A. Principles used to determine the nature and amount of remuneration (continued)

The fees and remuneration of key management personnel, the non-executive Directors' fees and Chairman's fee are reviewed by the Directors from time to time to determine that they are appropriate and in line with market expectations. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit. The current maximum amount of Non-Executive Directors' fees payable is fixed at \$30,000 per annum. The Constitution provides that this sum can only be increased pursuant to a resolution at a general meeting.

The key management personnel and the Directors are not entitled to any retirement benefits or receive any additional benefits except where provided by the superannuation guarantee scheme, which is currently 9%.

B. Details of remuneration

Amounts of Remuneration

Details of remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of VentureAxess Group Limited and its controlled entities are set out in the following tables.

The key management personnel of the Group are the Directors of VentureAxess Group Limited and any executives that report directly to them. There were no such executives during the financial year.

Details of the nature and amount of each element of the emolument of each Director of the company and each of the key management personnel for the consolidated entity receiving the highest emolument for the financial year are as follows:

Specified directors		Short-term benefits	Post-employment	Equity-based	Total
		Base Salary & Fees \$	Benefits Superannuation \$	Options \$	
Richard Green (Non Executive Director)	2011	-	-	-	-
Karalyn Day CEO/Executive Director Resigned May 2011					
David Hickie Executive Director)					
Charles Wantrup (Non-Executive Director)	2011		-	-	-
Simon Van Assche (Non-Executive Director)					
Total remuneration	2011	Nil		Nil	Nil
	2010	Nil		Nil	Nil

Directors' Report (continued)

Remuneration report (continued)

Directors' interests in shares and options (continued)

As at the date of this report the Directors' interests and nature in shares and options issued by the Company were as set out in this report.

This committee oversees and appraises the quality of audits conducted by the consolidated entity's external auditors, as well as determining the adequacy of administrative, operating and accounting controls. It is responsible for ensuring that the consolidated entity properly complies with all legislation and policies affecting its daily operations. It maintains open lines of communication between the Board and external advisers and oversees the identification of risk to ensure its proper management.

Members of the Audit Committee during the year were:

Name

R Green – appointed 21st April 2008

David Hickie –appointed 22 October 2009

Remuneration report, service agreements and share based payments

Remuneration, service agreement and share based payment details for the executive director, non-executive directors and senior executive officers of the company and consolidated entity are set out in the Remuneration Report section of this Directors' Report.

Directors' interests in contracts

Nil

Tax consolidation

Effective 4 September 2004, for the purposes of income taxation, VentureAxess Group Limited and its wholly owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Directors' Report (continued)

Corporate governance

The Board of Directors is responsible for the Corporate Governance of the consolidated entity. The Board is committed to achieving the highest standards of corporate behaviour and accountability. The company's Corporate Governance Statement is contained in the following section of this report.

Appointment of Auditors

CWS Sincok and Co were appointed as auditors at the last Annual General Meeting.

Auditors' independence

Section 307C of the *Corporations Act 2001* requires the Company's auditors, C. W. Sincok, to provide the Directors with a written independence declaration in relation to their review of the financial report for the year ended 30 June 2011. The written Auditor's independence declaration is attached to the Directors' Report and forms part of this Directors' Report.

Rounding

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the financial report. Amounts in the financial report have been rounded in accordance with that Class Order to the nearest dollar.



Richard Green
Chairman
Melbourne

18 January 2012

Statement of Corporate Governance Practices

Corporate Governance Statement

This statement outlines the main corporate governance practices in place under the headings contained in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" ("the ASX Principles"). (The Company is to be relisted on the National Stock Exchange, which does not prescribe comparable standards to the ASX Principles. The Company has therefore chosen to have regard to the ASX Principles).

Principle 1 - Lay solid foundations for management and oversight

The Board is responsible to shareholders for the group's overall Corporate Governance. The Board delegates to the Chairman or Chief Executive Officer (CEO) and the executive team the responsibility for the operation and administration of the consolidated entity. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess performance.

The key responsibilities of the Board are to:

- Establish, monitor and modify the corporate, business and tactical level strategies of the Company;
- Ensure compliance with good corporate governance and other requirements of the law;
- Monitor the performance of the Company and its management;
- Undertake a review of risks and further develop systems of internal control;
- Approve decisions concerning capital and major expenditure; and
- Ensure proper disclosure to shareholders and other stakeholders.

Principle 2 - Structure the Board to add value

The current board of four members comprises of primarily non-executive directors, one is executive. The names, skills, experience of the directors in office at the date of this statement and the period of office of each director are set out in the Directors' Report contained in this Financial Report. The directors believe that the Board is of sufficient composition, size and commitment to adequately discharge its responsibilities and duties.

Independence of Directors

A majority of the Directors of the current board are Non-Executive Directors, they are considered independent, and The Board believes that the individual directors make quality and independent judgments in the best interests of the Company.

The Board distinguishes between the concept of independence and issues of conflict of interest and material personal interest. The Board's policies and procedures ensure that interests in the matters are disclosed and that the relevant director is excluded from voting in matters relating to conflict of personal and material interest. All directors are also able to obtain independent advice at the expense of the Company.

The composition of the Board will be monitored to ensure that additional independent directors are appointed on a timely basis to fulfil specific skill sets needed by the Board to discharge its responsibilities competently and to meet its obligations.

Chairperson of the Board

Richard Green was appointed as the new chairman 18 July 2009.

Statement of Corporate Governance Practices (continued)

Corporate Governance Statement (continued)

Principle 2 - Structure the Board to add value (continued)

Nomination

As VentureAcess Group Limited has a relatively small Board it has not established a formal nomination committee. The whole Board participates in the selection of members of the Board. The Board has adopted a Nomination and Remuneration Policy.

The Nomination and Remuneration Policy delegates to non-executive directors the responsibilities of:

- Assessing the necessary competencies of Board members to add value to the Company;
- Reviewing the Board succession plans;
- Evaluating the Board's performance; and
- Providing recommendations for the appointment and removal of members of the Board and Committees of the Board.

Principle 3 - Promote ethical and responsible decision making

Code of Conduct

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. Fair dealing with the Company's suppliers, advisors, customers, employees and competitors is expected at all levels of the organisation. All directors, executive management and employees are expected to act with integrity to enhance the performance of the Group. The Company has established a Code of Conduct which provides a guide to the Directors and employees as to the practices necessary to maintain confidence in the Company's integrity and ethical practices.

Trading in Company Securities by Directors, Officers and Employees

The Board has established written guidelines set out in its Corporate Ethics and Securities Trading Policy that sets guidelines for trading in the Company's shares. The policy restricts the buying or selling of Company Shares within seven days prior to the release of the half year and annual reports and at any time during which the directors are aware of unpublished price sensitive information.

Principle 4 - Safeguard integrity in financial reporting

Statement to the Board by the Chief Executive Officer and Chief Financial Officer

At any time that the Company employs a Chief Executive Officer and/or a Chief Financial Officer, the Board requires that the Chief Executive Officer and Chief Financial Officer state in writing to the Board that the consolidated financial statements of the Company and its controlled entities present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with applicable accounting standards.

Audit Committee

The Audit Committee operates under a Charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal control framework exists within the consolidated entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The roles and responsibilities of the Audit Committee are contained in a written charter.

Some meetings of the Committee will be attended (by invitation) by any Chief Executive Officer/Managing Director and/or Chief Financial Officer, and the engagement partner from the Company's external auditors and also any such other senior staff or professional people as are appropriate from time to time. The Company ensures that at least one person present had financial experience and that some members had an understanding of the activity carried out by the Company.

The Audit Committee determined that there was a practical need for a change in the external auditor to a Melbourne based practice. Accordingly, the Board appointed, with the consent of ASIC, C. W. Sincok and Co as Auditors, with the approval of shareholders at the last Annual General Meeting of the Company.

Statement of Corporate Governance Practices (continued)

Corporate Governance Statement (continued)

Principle 5 - Make timely and balanced disclosure

The Company has established policies and procedures designed to ensure compliance with the NSX Listing Rule requirements so that announcements are made in a timely manner, are factual, do not omit material information, are balanced and are expressed in a clear and objective manner so as to allow investors to assess the information when making investment decisions. The Chief Executive Officer and Chief Financial Officer are responsible for interpreting and monitoring the Company's disclosure policy and the Company Secretary is responsible for all communications with the NSX.

NSX announcements will also be published in due course on the Company's website. The Company's Statement of Corporate Governance Policy contains procedures relating to the timely and balanced disclosure.

Principle 6 - Respect the rights of shareholders

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. VentureAcess Group Limited regularly communicates to its shareholders in a timely manner through:

- Relevant disclosures made in accordance with NSX Listing Rule disclosure requirements;
- Annual financial reports which are distributed to those that specifically request a copy;
- Making documents that have been released publicly available on the Company's website; and
- Communicating with shareholders electronically through the Company's web based application.

The Company has requested that the external auditor attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 - Recognise and manage risk

Oversight of the risk management function

The Company recognises that it is necessary to undertake activities that involve a level of risk in order to achieve high levels of performance. The Board and Audit Committee are responsible for the oversight of the Group's risk management and control framework.

The size of the Company and the comprehensive nature of its reporting systems have led the Board to conclude that a formal internal audit process would not be cost effective nor reduce risk. There is no formal Risk Management Policy, however the Company is focused on the identification and management of risk including:

- Establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve these goals;
- Identifying and measuring risks that might impact upon the achievement of the Company's goals and monitoring for trends and emergent factors;
- Reviewing the half-year reports and other reports required to be lodged with the NSX; and
- Establishing separate project teams to identify risk management strategies and monitoring the risk and implementation strategies for each major company project. The project managers report to the Board on a regular basis.

The Board believes that there are adequate controls to ensure that financial reports provide a truthful and factual position for the Company.

Certification of risk management controls

The Chief Executive Officer and Chief Financial Controller are required to make an annual written statement to the Board with respect to risk management and internal controls.

Principle 8 - Encourage enhanced performance

The Board undertakes an annual review of its performance and the performance of key executives. Directors were initially invited to join the Board on the basis of their experience and skills in relation to the Company's activities.

The performance criteria against which Directors' and executives are assessed align with the Company's objectives. The Board has a responsibility to ensure that executive remuneration is fair and reasonable, having regard to the competitive market for executive talent, structured effectively to motivate and retain valued executives, and designed to produce value for shareholders.

Statement of Corporate Governance Practices (continued)

Corporate Governance Statement (continued)

Principle 9 - Remunerate fairly and responsibly

As VentureAxess Group Limited has a relatively small Board it has not established a formal remuneration committee. The whole Board is responsible for recommending and reviewing the remuneration arrangements for the directors, chief executive officer and senior executive team.

The Nomination and Remuneration Policy requires that a majority of non-executive directors must approve changes to the remuneration or contract terms of Directors, the design of new remuneration packages, equity based remuneration packages, performance based remuneration, any cash-based incentive plans and termination payments to Directors.

It is the objective of VentureAxess Group Limited to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration policy are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives, which allow executives to share the rewards of the success of the Company.

Executive directors are remunerated by means of a fixed based remuneration. The Company is currently reviewing its remuneration policies and practices and considering the introduction of performance based and equity based remuneration. Non-executive directors are entitled to director's fees. Non-executive directors are not entitled to any retiring allowance payable upon their retirement as a director of the Company. The details of the Directors' and Senior Executives' remuneration are set out in the Directors' Report and in note 22 "Key management personnel disclosures" in the Financial Report.

Principle 10 - Recognise the legitimate interests of stakeholders

The Company recognises its legal and other obligations including its responsibility to act in good faith and with integrity whilst dealing with Company affairs. These responsibilities relate to all stakeholders including clients, customers, suppliers, government, financial institutions, and shareholders and to the community as whole.

The Company is firmly committed to ethical business practices, a safe workplace and compliance with relevant laws including trade practices and fair dealing laws, consumer protection, privacy, employment law, occupational health and safety, equal employment opportunity, superannuation and environmental laws.

As indicated under Principle 3, the Company has established a Code of Conduct to guide compliance with legal and other obligations.

Income Statement

For the year ended 30 June 2011

		CONSOLIDATED		PARENT ENTITY	
	Notes	2011 \$	2010 \$	2011 \$	2010 \$
Revenues from continuing operations		47,118	16,755		16,020
Finance costs			(45,242)		(16,398)
Expenses from continuing operations		(1,641,197)	(3,293,468)	(464,220)	(838,672)
(Loss) before income tax		(1,594,079)	(3,321,955)	(464,220)	(839,050)
Income tax (expense)/revenue					
(Loss) from continuing operations Note 5		(1,594,079)	(3,321,955)	(464,220)	(839,050)
Profit attributable to minority equity interest					
(Loss) attributable to members of VentureAxess Group Limited		(1,594,079)	(3,321,955)	(464,220)	(839,050)
(Loss) per share for (loss) attributable to the ordinary equity holders of the Company					
Basic (loss) per share (cents per share)		(0.005)	(0.028)	(0.014)	(0.007)
Diluted (loss) per share (cents per share)		(0.005)	(0.028)	(0.014)	(0.007)

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

BALANCE SHEET
As at 30 June 2011

VENTUREAXESS GROUP LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED **PARENT ENTITY**

	Notes	2011 \$	2010 \$	2011 \$	2010 \$
Assets					
Current assets					
Cash and cash equivalents	7	172	967	85	874
Trade and other receivables	8		112,366		112,366
Other Assets			7,591	12,181	11,850
Total current assets		172	120,924	12,266	125,090
Non-current assets					
Investments in related entities		3,040,800	3,080,001	4,563,697	4,563,697
Unsecured loans					
Property, plant and equipment	11				
Total non-current assets		3,040,800	3,080,001	4,563,697	4,563,697
Total assets		3,040,972	3,200,925	4,575,963	4,688,787
Liabilities					
Current liabilities					
Trade Payables and Accruals	12	210,913	114,822	42,558	105,532
Bank Overdraft	19	80,370	66,978		
Bank Loan	19	185,000	185,000		
Total current liabilities		476,283	366,800	42,558	105,532
Non-current liabilities					
Unsecured Loans	19	190,000	345,500		150,523
Unsecured Convertible Notes		190,000	345,500		150,523
Related Parties					
VentureAxess Limited	14			157,189	
Total non-current liabilities				157,189	150,523
Total liabilities		666,283	712,300	199,747	256,055
Net assets (liabilities)		2,374,689	2,488,625	4,376,216	4,432,732
Equity					
Contributed equity		8,057,802	7,829,807	8,387,511	7,829,807
Revaluation Reserve		1,441,588			
Secured Notes			150,000		150,000
Options			39,440		
Accumulated losses	17	(7,124,701)	(5,530,622)	(4,011,295)	(3,547,075)
Total equity		2,374,689	2,488,625	4,376,216	(4,432,732)

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

Statements of Changes in Equity

For the year ended 30 June 2011

	Notes	CONSOLIDATED		PARENT ENTITY	
		2011 \$	2010 \$	2011 \$	2010 \$
Total equity at the beginning of the year		2,488,625	5,621,140	4,432,732	5,121,782
Profit / (loss) for the year		(1,594,079)	(3,321,955)	(464,220)	(839,050)
		894,546	2,299,185	3,968,512	4,282,732
Option holders equity			39,440		
Secured Convertible notes			150,000		150,000
Return of Capital relating to VentureAxess Group Limited Pty Ltd					
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs		1,480,143		407,704	
Total equity (deficiency) at the end of the year		2,374,689	2,488,625	4,376,216	4,432,732
Total recognised income and expense for the year is attributable to: Members of VentureAxess Group Limited		(1,594,079)	(3,321,955)	(464,220)	(839,050)

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

Cash Flow Statements

For the year ended 30 June 2011

	Notes	CONSOLIDATED		PARENT ENTITY	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash flows from operating activities					
Cash receipts from customers (inclusive of goods and services tax)		119,957	16,000		16,000
Receipt of R & D tax concession					
Payment to suppliers and employees (inclusive of goods and services tax)		(24,584)	(171,155)	(92,401)	(154,696)
Interest paid		(13,313)	(55,486)		(10,736)
Interest received			754		20
Net cash (outflow) from operating activities		82,060	(209,889)	(92,401)	(149,412)
Cash flows from investing activities					
Payment for property, plant and equipment					
Payment for investment intangibles					
Payment (repayment) of security deposit					
Proceeds from sale of property, plant and equipment					
Net cash (inflow) from investing activities					
Cash flows from financing activities					
Proceeds (repayments) from Offer Information Statement					
Proceeds from issues of shares and other equity securities (net of transaction costs)		59,253		91,612	
Loan Note – repayments		(155,500)			
Cash Received – acquisition Medical Science Australia Limited					
Proceeds from Loans			150,000		150,000
Bank Loan repayments					
Return of capital relating to VentureAxess Group Pty Ltd					
Net cash inflow from financing activities		(14,187)	150,000	91,612	150,000
Net increase (decrease) in cash and cash equivalents		(14,187)	(59,887)	(7,897)	588
Cash and cash equivalents at the beginning of the financial year		(66,011)	(6,124)	874	286
Cash and cash equivalents at the end of the year		(80,198)	(66,011)	85	874

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all year presented, unless otherwise stated. The financial report includes separate financial statements for VentureAxess Group Limited as in individual entity and the consolidated entity consisting of VentureAxess Group Limited and its subsidiaries.

(a) Basis of preparation of year financial report

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of VentureAxess Group Limited comply with International Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial Instruments: Presentation and Disclosures.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

The amounts of \$ 3,040,799.25 representing investments in subsidiaries are values of investments in investee companies made via Medical Science Australia a subsidiary of VentureAxess Group

(i) Subsidiaries (continued)

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

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of VentureAxess Group Limited.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint Ventures

Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Company only operates in one segment being the Information Technology industry in Australia.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(iii) Group companies

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

The following specific recognition criteria must also be met before revenue is recognised:

- provision of technology services – revenue from provision of technology services is recognised when the economic entity has performed services for the customer and billing for those services has occurred in accordance with contract terms and conditions; and
- interest – interest revenue is recognised on an accrual basis.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

VentureAxess Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

(g) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(g) Leases (continued)

Leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(h) Business Combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable

measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(l) Non-current assets (or disposal groups) held for sale (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(m) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and

(m) Investments and other financial assets (continued)

Losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(iv) Available-for-sale financial assets (continued)

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Property, plant and equipment

Land and buildings (except for investment properties) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amount, net of their residual values, over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation of plant and equipment has been over individual useful life of 5-10 years.

(o) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(p) Intangible assets

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

(q) Trade and other payables

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

(r) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

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

(iii) Share-based payments

Where share-based compensation benefits are provided to employees via an employee option plan and an employee share scheme, the following apply:

Shares options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005

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

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

Shares options granted after 7 November 2002 and vested after 1 January 2005 (continued)

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

(s) Employee benefits (continued)

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

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(u) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred except to the extent they are included in the costs of qualifying assets.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows arising from operating activities are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO, are classified in operating cash flows.

(x) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(y) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest dollar.

(z) Going concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The company and consolidated entity have incurred a loss from ordinary activities after income tax of (\$1,594,079) for the year ended 30 June 2011 (2010: loss of \$3,321,955). The company and consolidated entity were also in a net position of \$2,374,689 at 30 June 2011 (2010 net assets \$2,488,625).

The company has made a placement of shares to raise \$119,860 to ensure re listing of the company and to complete the due diligence and purchase of a business subject to a rights issue.

An offer to compromise and remove the debenture to be funded by an external party was not accepted by the bank or the past director. A final offer will be made to the bank and it's now likely that litigation will take place at the end of February 2012 as the bank has not compromised or accepted the offer made by the directors of the company.

The value of MSA and its investments could be doubtful even though the debenture held by the bank appears to be invalid, as the debenture was signed by only one director without board approval. It would appear that this debt belongs to the director that signed the debenture as the funds also lent where not advanced to the company but an investee company of which he was a director.

An agreement has been reached with a previous director and his companies where by funds owed to his company as accounted for in the payables of this company set out in the accounts and to the extent of \$175,506.82 can only become payable after a full recovery of the management fees owed by Medical Science Australia are paid to VentureAxess Fund Managers Limited.

All of these investment made are in venture capital companies that need further investment to become viable or get to market. The company is trying to locate listed companies that may be able to purchase these investments either the companies or their intellectual property or patents.

The company has not been paid all its managements fees owed from these investments and the directors believe they will collect these fees owed in due course and upon realisation of these investments in the medium term only if MSA is held as a subsidiary and the bank remove the debenture and forgive the debt that is expected to come into dispute.

The company will rely upon a rights issue to purchase a business and to be able to release some of its investments mentioned above.

The company has received a funding line of \$1million subject to re-quotation of the company's shares to acquire an interest in Credit Elect Pty Limited. A rights issue document will be issued following the completion of the AGM for the financial year 30 June 2011 and an EGM both due to be held late February 2012 in order for funds of \$2 million to be raised, of which \$1 million may be used to repay the convertible note issued to the new professional investor.

The continuation of the company and consolidated entity as a going concern is dependent upon their ability to achieve the following:

- Obtaining additional facilities, funding or capital from financiers, shareholders, directors and/or related parties to enable the company and consolidated entity to achieve a sufficient working cash flow level.
- Realisation of investments

Notes to the Financial Statements (continued)

- A potential rights issue to raise new capital to help investment companies become saleable to release owed management fees as well as capital.
- The purchase of a cash flow business for issue of shares and a rights issue to raise more capital.
- The generation of future profits by the major underlying business.

In the event that the company or consolidated entity does not achieve its objectives, there is significant uncertainty whether the company or consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

2. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including price risk), credit risk, liquidity risk and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The liquidity risk has been outlined in note 1z.

The Group has no significant concentrations of credit risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas.

As the Group has no significant interest-bearing assets, long term borrowings and significant cash assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Critical accounting estimates and assumptions

Impairment of Assets

The Group tests annually whether various assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(b) Critical judgements in applying entity's accounting policies

There were no critical judgements made except for the treatment of directors' options which are outlined in Note 22 Key Management Personnel Disclosures.

Notes to the Financial Statements (continued)

		CONSOLIDATED		PARENT ENTITY	
5. Profit/(loss) for the year	Note	2011 \$	2010 \$	2011 \$	2010 \$
Profit/(loss) for the year includes the following revenues and expenses:					
Revenues from continuing operations:					
Consulting Fees			16,000		16,000
Fund Management Fees					
Revaluation of investments					
Interest received – unrelated parties			755		20
Proceeds from sale of fixed assets					
Debt forgiveness income		47,118			
Total revenue from continuing activities		47,118	16,755		16,020
Expenses from continuing activities					
Audit fees and Accounting		2,157	17,916		16,582
ASIC fees		6,282	2,175	6,282	2,175
Borrowing Costs			61,640		16,398
Employee benefits		1,377		1,215	
Consulting fees		63,832	71,066	56,923	71,066
Directors' fees					
Depreciation					
Insurance		444	13,903	444	13,903
Salaries and Wages			58,310		58,310
Occupancy expenses		551	8,957	201	8,957
Directors' options					
Legal fees		27,108	27,086	27,108	27,086
Carrying value of assets sold					
Hire of Equipment		155	1,572	155	1,572
Investment Write Off		(1,441,349)			
Interest		13,313	10,736		10,736
Lease Expense		2,268			
DOCA Fees		18,182		18,182	
General administration expenses		29,994	34,702	35,062	34,021
Write Downs		(155,002)	3,067,689		500,000
Company Registration NSX		54			
Registry		2,536		2,536	
Creditors forgiven			(131,308)		
Office Supplies			49,095		49,095
Bad Debt		181,422	24,126	316,112	24,126
Printing			4,230		4,230
Motor vehicle expenses		5,215	16,815		16,815
Total expenses from continuing activities		(1,641,197)	3,338,710	464,220	855,071
Profit/(loss) for the year before tax and minority interest		(1,594,079)	(3,321,955)	(464,220)	(839,050)

Notes to the Financial Statements (continued)

6. Income tax

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
(a) The components of income tax expense/(revenue):				
Current tax				
Deferred tax				
Under (over) provision in prior years				
Total Income tax expense/(revenue)				
(b) The prima facie tax on profit/(loss) differs from the income tax provided in the financial statements as follows:				
Total profit/(loss) before income tax	(1,594,079)	(3,321,955)	(464,220)	(839,050)
At the statutory income tax rate of 30% (2006: 30%)	(478,224)	(996,586)	(139,266)	(250,815)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income.				
Amortisation of intangible assets				
Directors' options expense (credit)				
Debt forgiveness income				
Business related capital items				
Write down of investment		(2,567,689)		
Creditor write off	(478,224)	(1,571,103)		(250,815)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	(478,224)	(1,571,103)		(250,815)
Benefit of research and development tax offset				
Income tax expense/(revenue)				

The income tax benefit has resulted from a research and development tax offset received from the Australian Taxation Office.

Notes to the Financial Statements (continued)

7. Current assets – Cash and cash equivalents

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank and on hand (Note 22) (a)	172	967	85	874

(a) Bank Interest

The bank interest rate for the period for cash at bank was 3.25 % (2008: 6%).

8. Current assets – Trade and other receivables

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade debtors – Medical Science Australia Limited				
Sundry Debtors		112,366		112,366
Other receivables (including GST receivable)		7,591	12,181	11,850
Subsidiaries				
	nil	119,957	nil	124,216

Interest rate risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in note 20.

9. Current assets – Other assets

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Bank guarantee	-	-	-	-

10. Non-current assets – Deferred expense

Deferred option expense	-	-	-	-
-------------------------	---	---	---	---

Investment in Subsidiaries

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
			\$	\$
At 1 July 2010	3,080,001	3,080,001	4,563,967	5,642,933
Acquired (written down) during the year	(1,480,789)			(1,079,236)
Revalued during the year	1,441,588			
At 30 June 2011	3,040,800	3,080,001	4,563,967	4,563,697

Notes to the Financial Statements (continued)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
11. Non-current assets – Property, plant and equipment				
Plant and equipment:				
Opening balance				-
On Acquisition of VentureAxess Limited				-
Disposals				-
Closing value	Nil	Nil	Nil	Nil
Accumulated depreciation				
Opening balance				-
Depreciation for the year				-
Disposals				
Closing value				
Total property, plant and equipment (net)	Nil	Nil	Nil	Nil
12. Current liabilities – Payables				
Trade payables and accruals	210,913	114,822	42,558	105,532
Bank Facilities	210,913	114,822	42,558	105,532
13. Current liabilities – Provisions				
Employee benefits- annual leave	--		-	
14. Non-current liabilities				
Owing to subsidiaries			157,189	
	Nil	Nil	157,189	Nil
15. Contributed Equity				
	PARENT ENTITY		PARENT ENTITY	
	2011		2010	
	Number of Shares	\$	Number of Shares	\$
Issued and paid up capital				
Ordinary shares fully paid	337,732,433	8,387,512	118,043,018	7,829,807
Movements in shares on issue				
On issue at the beginning of the year	118,043,018	7,829,807	118,043,018	7,829,807
Issued on acquisition of MSA Limited				
DOCA Loan Note conversion	219,689,415	557,705		
Issued under Offer Information Statement				
Distribution of VentureAxess Group Limited				
Issue Costs				
On issue at end of the year	337,732,433	8,387,512	118,043,018	7,829,807

Notes to the Financial Statements (continued)

Notes to Contributed Equity and Investment in Subsidiaries

The company had been carrying in the accounts the minority interests representing those shareholders who did not take up the past offer. These shares have been compulsory acquired and held on the share register for collection by those shareholders who may claim their shares. The company will attempt to contract these shareholders again to arrange the issue to those shareholders.

Options to acquire issued capital

Each option entitles the holder to purchases one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the Corporations Act 2001, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

Movement in the numbers of options to acquire share capital are as follows:

Exercise Price

Number of Options

		2011	2010
On issue at the beginning of the year	0.05 cents	60,000,000	42,080,214
Issued (expired) during the year	0.02 cents	50,000,000	(42,080,214)
On issue at the end of the year		110,000,000	NIL

Expiry Date:

30 June 2014 convertible at 0.05 cents (VAXO)

31 August 2014 convertible at 0.05cents

30 August 2012 convertible at 0.02 cents

Expiry Date

Issue Price of Shares

Number of Shares Under Option

30 June 2014	\$0.05	25,000,000
31 August 2014	\$0.05	35,000,000
30 August 2012	\$0.02	50,000,000

2011
\$

2010
\$

Loss effect of market condition not satisfied

Option holders' equity at end of financial year

Nil

nil

nil

Nil

As market conditions for the vesting of these options were not attained, and the persons entitled to these options have left the Company the Option Holders Equity has been written back to the profit and loss account, net of prepayments carried in debtors.

Notes to the Financial Statements (continued)

17. Accumulated Losses

	CONSOLIDATED		PARENT ENTITY	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of year	(5,530,622)	(2,208,667)	(3,547,075)	(2,708,025)
Net profit (loss) attributable to members of VentureAxess Group Limited	(1,594,079)	(3,321,955)	(464,200)	(839,050)
Balance at end of year	(7,124,701)	(5,530,622)	(4,011,275)	(3,547,075)

18. Commitments

	CONSOLIDATED		PARENT ENTITY	
	2011 \$	2010 \$	2011 \$	2010 \$
(a) Lease commitments: Group company as lessee				
Commitments in relation to leases contract for at the reporting date but not recognised as liabilities, payable:				
Within one year				
Later than one year but not later than five years				
Later than five years				
	Nil	Nil	Nil	Nil

Notes to the Financial Statements (continued)

19. Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables:

		Floating interest rate \$	1 year or less \$	Over 1 to 2 years \$	Over 2 to 3 years \$	Over 3 to 4 years \$	Over 4 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Financial assets										
Trade and other receivables	2011			—	—	—	—	—	—	
Other assets	2011	—	—	—	—	—	—	—	—	—
Total	2011	—	—	—	—	—	—	—	—	—
Financial liabilities										
Weighted average interest rate										
Bank facilities	2011	8.94%	210,913	—	—	—	—	—	—	210,913
Convertible Notes	2011	10%	265,370	—	—	—	—	—	—	265,370
Total	2011		666,283	—	—	—	—	—	—	666,283
Net financial assets (liabilities)										
Weighted average interest rate		9.44%	—	—	—	—	—	—	—	—
Total	2011	—	—	—	—	—	—	—	—	—

Interest is only earned on cash deposits.

Notes to the Financial Statements (continued)

20. Key management personnel disclosures

(a) Directors

The following persons were directors of VentureAxess Group Limited during the financial year:

(i) Chairman- executive

Karalyn Day – appointed 1 May 2007 (resigned 25 May 2011)

(ii) Non-Executive directors

Richard Green appointed 21 April 2008

David Hickie – appointed 22 October 2009

Simon Van Assche – appointed 22 October 2009

Charles Wantrup – appointed 17 November 2009

(b) Other key management personnel

No other persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

(c) Key Management personnel compensation

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short-term employee benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Share-based payments	-	-	-	-
	Nil	Nil-	Nil	Nil -

The Company has taken of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-D of the remuneration report on pages 6 – 10.

Equity instrument disclosures to key management personnel

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

Details of options provided as remuneration together with the terms and conditions of the options can be found in section D of the Remuneration report of Directors' Report on page 9.

Notes to the Financial Statements (continued)

20. Key management personnel disclosures (continued)

Option Holdings

The number of options over ordinary shares in the company had during the financial year by each Director and other key management personnel of the Group, including their personally related parties are set out below:-

Name:		Balance at the start of the year	Granted during the year as compensation	Sold during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors:						
David Hickie	2011		25,000,000	Nil	25,000,000	
Richard Green			18,000,000	Nil	18,000,000	
Simon Van Assche			17,500,000	Nil	17,500,000	
	2010	Nil				Nil

There were no other key management personnel during the year

Share Holdings

The number of shares in the Company held during the financial year by each Director of VentureAxess Group Limited and other key management personnel of the Group, including their personally related parties are set out below. There are no shares granted during the period as compensation.

Name		Balance at the start of the year	Acquired/(Sold) during the year	Balance at end of the year
Directors:				
	2011			
			44,578,060	44,578,060
David Hickie				
Richard Green			Nil	Nil
Simon Van Assche			33,726,576	33,726,576
	2010	Nil	Nil	Nil

There were no other key management personnel during the year.

Other director transactions

21. Remuneration of auditors

During the year the auditors of the parent company and its related practices earned the following remuneration:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
CWS Sincock & Co	12,500		12,500	
Northstar		15,500		15,500
Audit or review of financial reports of the entity or any entity in the consolidated entity (2010 – half-year accounts only)				
Taxation and other services				
	12,500	15,500	12,500	15,500

Notes to the Financial Statements (continued)

22. Contingent assets and liabilities

(a) Contingent liabilities

The parent entity and Group are not aware of any contingent liabilities that need to be disclosed as at 30 June 2011

(b) Contingent assets

The parent entity and Group are not aware of any contingent assets that need to be disclosed as at 30 June 2011.

23. Investments in controlled entities as at 30 June 2011

	Country of Incorporation and Principal Country of Operation	Main Business	Percentage Ownership	
			2011 %	2010 %
Controlled entities				
VentureAcess Limited	Australia	Holding Company	100	98.8%
VentureAcess Fund Managers Limited (a wholly owned subsidiary of VentureAcess Limited)	Australia	Fund Management	100	98.8%
	Australia	Investment Company	100	100%
Medical Science Australia				

The financial years of all controlled entities are the same as that of the parent. All controlled entities operate solely in their place of incorporation.

24. Employee benefits

	CONSOLIDATED		PARENT ENTITY	
	2011 \$	2010 \$	2011 \$	2010 \$
Employee benefit and related on-cost liabilities				
Included in trade creditors				-
Included in accruals				-
Provision for employee benefits – current				-
Provision for employee benefits – non-current				-
Aggregate employee benefit and related party on-costs liabilities	Nil		Nil	-

As explained in note 1(s) amounts for long service leave that are expected to be settled more than 12 months from the reporting date are measured at their present values. The average number of employees during the year was 2 (2011 – 2).

25. Reconciliation of Profit from ordinary activities after income tax to net cash flow (used in) operating activities

(a) Reconciliation of cash

For the purpose of the Statements of Cash Flows, cash includes cash on hand and in banks and deposits at call, net of bank overdrafts. Cash at the end of the year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial position as follows:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank and on hand (Note 7)	172	(233)	85	(233)
Bank Overdraft	(80,370)			
Net Overdrawn	(80,198)	(233)		(233)

The bank interest rate for the period for cash at bank was 1.95 % (2010 0.00%).

(b) Reconciliation of net cash absorbed by operating activities to operating loss after Income tax:

Net profit (loss)	(1,594,079)	(3,321,955)	(464,220)	(839,050)
Adjustments for non-cash income and expense items				
Write Down of non-current assets	1,480,789			
Write Down of investments	(202,121)	3,331,953	316,112	1,079,236
Loss on sale of non-current assets				
Bad debt write off	181,422			
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
Decrease/(increase) in trade and other receivables	119,957	(58,682)	112,035	(210,040)
(Decrease)/increase in liabilities:				
(Decrease)/increase in creditors and accruals	96,092	(161,202)	(56,328)	(599,638)
(Decrease)/increase in employee entitlements				
Net operating cash flows	82,060	(209,887)	(92,401)	(149,412)

26. Franking amount

The balance in the franking account at year end for parent account and economic entity was nil.

27. Events occurring after the balance sheet date

A share placement was made to raise \$119,860 to enable the company to be relisted at completion of the lodgement of this annual report. A rights issue underwritten will be undertaken to raise up to \$2.0 million to acquire more investment capital for investment in financial services and assist in realisation of MSA assets.

28. Earnings per share

	2011	CONSOLIDATED 2010
Basic earnings /(loss) per share (cents per share)	0.002	(0.028)
Diluted earnings/ (loss) per share (cents per share)	0.002	(0.028)
Earnings used in calculating of basic/ (loss) earnings per share	663,986	(3,321,955)
Earnings used in calculating of diluted earnings/ (loss) per share	663,986	(3,321,955)

	2011 Number	CONSOLIDATED 2010 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in the dominator in calculating basic earnings /(loss) per share	337,732,433	118,043,018
Weighted average number of ordinary shares used in the dominator in calculating diluted earnings/ (loss) per share		118,043,018

At the end of the year, the economic entity had 60,000,000 options on issue with an exercise price of 0.05 cents expiring June and August 2014, and 50,000,000 expiring August 2012 at 0.02c. The options have not been included in the diluted weighted earnings/ (loss) per share calculation as VentureAxess Group Limited's share price has been trading well below the exercise price of 0.04 cents per share.

29. Related party transactions

(a) Parent entity

The ultimate parent entity is VentureAxess Capital Limited

(b) Subsidiary

Interests in subsidiaries are set out in note 23.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 20.

(d) Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT ENTITY	
	2011 \$	2010 \$	2011 \$	2010 \$
Superannuation contributions				
Contribution to superannuation funds on behalf of employees	-	-	-	-

There were no loans to or from related parties at the end of the financial year other than as set out in Note 14.

In the Directors' opinion:

- a) the financial statements and notes set out in pages 18 to 43 are in accordance with the Corporations Act 2001 including:
 - I. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - II. Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2011 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable; and
- c) the audited remuneration disclosures set out on pages 6 to 11 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures and the Corporations Regulations 2001*.

This declaration is made in accordance with a resolution of Directors.



Richard Green
Chairman

Melbourne
18 January 2012

CWS SINCOCK & CO

CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

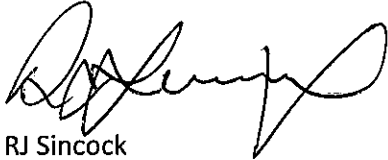
TO THE DIRECTORS OF VENTUREAXESS GROUP LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011, there have been:

- I. No contravention of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- II. No contraventions of any applicable code of professional conduct in relation to the audit.



CWS- Sincock & Co
Chartered Accountants



RJ Sincock
Partner

18th November, 2011.

Liability limited by a scheme approved under Professional Standards Legislation.

CWS SINCOCK & CO

CHARTERED ACCOUNTANTS

VENUTREAXESS GROUP LIMITED ABN 42 087 426 958 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTUREAXESS GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of VentureAxess Group Limited (the company) and VentureAxess Group Limited and Controlled Entities (the consolidated Entity), which comprises the balance sheet as at 30 June, 2011, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's 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.

Director's 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 Australian Accounting Interpretations) and the Corporation Act 2011. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Australian Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurances 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 judgements, 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of VentureAxess Group Limited on 18th November 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Liability limited by a scheme approved under Professional Standards Legislation.

CWS SINCOCK & CO

CHARTERED ACCOUNTANTS

Basis of Qualified Auditor's Opinion

Comparative figures

We draw attention to the fact that the audit of the consolidated entity, and the parent entity, for the year ended 30 June, 2010 was completed by another auditor and accordingly we have been unable to verify the opening balances which comprise the starting point for the results and the state of affairs of the group as at 30 June, 2011. Any adjustment to those opening balances will impact on the reported results of the 2011 financial year.

Uncertainty Regarding Continuation as a Going Concern

The directors are of the opinion that the ability of the consolidated entity to continue as a going concern is dependent on the continued availability of working capital. Sourcing such funding revolves around successful completion of future capital raisings and or the receipt of funds from sales of investments. While the directors are in discussion with potential investors, the company is yet to finalise funding lines which will underwrite future working capital requirements and accordingly uncertainty exists in relation to the company's ability to continue as a going concern.

Uncertainty Regarding Valuation of Investments

The financial statements include, as a non-current asset, the company's equity participation in a medical related technology. The directors have valued this investment at \$3,040,800. The directors' assessment is supported by a written valuation which substantially exceeds the carrying value included in the financial statements however, given the volatile nature of the capital markets, any such valuation can only be regarded as speculative. We have been unable to determine a basis upon which to assess the realisable value of this investment and accordingly we draw attention to the subjectivity of this valuation.

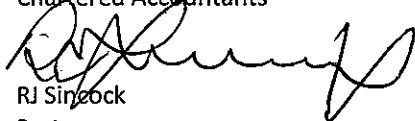
Qualified Auditor's Opinion

In our opinion, except for the possible impact of the information included in the preceding paragraphs:

- a. The financial report of VentureAxess Group Limited and VentureAxess Group Limited and controlled entities is in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011, and their performance for the year ended on that date; and
 - ii. Complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporation Regulations 2001;
- b. The financial report also complies with the International Reporting Standards as disclosed in Note 1.



CWS-Sincock & Co
Chartered Accountants



RJ Sincock
Partner

Dated this 18th day of January, 2012.

Liability limited by a scheme approved under Professional Standards Legislation.

Shareholder Information as at 30 June 2011

Shares and options in VentureAcess Group Limited are quoted on the National Stock Exchange (NSX Codes "VAX" & "VAXO")

The 20 largest holders of each class of equity securities in the company as at 30 June 2011 are:

Holder Name

CUST CO PL	44,578,060	13.20%
LAMONT CAP PL	33,726,576	9.99%
CUTTS J	33,726,576	9.99%
ANZ NOM LTD	33,107,905	9.80%
EVALON INV PL	20,246,622	5.95%
ALLEN GV + KD	16,863,288	4.99%
GKM ADVISORY SVCS	15,439,131	4.97%
MEDICAL SCIENCE A	11,360,953	3.36%
LYALL JOHN	11,129,770	3.30%
JONES EMYR WYNN	10,231,156	3.03%
ALLEN GEOFFREY	6,349,063	1.88%
JONES EMYR WYN	6,337,447	1.72%
NOBLE INV PL	3,762,500	1.11%
FLYING FISH PTNRS	3,372,655	1.00%
DAY KARALYN	3,181,124	0.94%
ANZ NOM LTD	3,062,406	0.91%
MULLINS GEOFF	2,783,308	0.82%
JAILAW PL	2,100,000	0.67%
BERCOL HOLDING	2,100,000	0.62%
MOBULL PTY LTD	2,023,607	0.60%
*** Top 20 total ***	265,482,147	78.61%

Total Issued Capital

337,732,433

The 50,000,000 options are exercisable at 2 cents, on or before 30 August 2012

The 25,000,000 options are exercisable at 5 cents, on or before 30 June 2014

The 35,000,000 options are exercisable at 5 cents, on or before 31 August 2014