



conversion of the Debenture; and

- o The Company failed to pay interest on the Debenture when due.

However, rather than seeking payment of the principal amount and penalties under the Debenture, the Debenture Holder requested conversion of the mandatory default amount under the Debenture, amounting to 130% of the principal amount, or \$71,500, plus interest and liquidated damages, amounting to \$22,141 into shares of the Company's common stock at \$.50 a share. Under the Debentures, in the event of default interest accrues at the rate of 18% per year. Furthermore, in connection with the issuance of its Debentures, the Company entered into a Registration Rights Agreement with each purchaser of the Debentures. As a result of the Company's failure to register the shares of common stock issuable under the Debentures, a maximum of 24% of the original amount under the Registration Rights Agreement is due as liquidated damages.

The Company is in the process of negotiating a Forbearance Agreement with the majority of the Debenture holders. In addition, the Company will also seek a similar arrangement with the balance of the Debenture holders.

The Company believes that the failure of Company to negotiate a satisfactory Forbearance Agreement with some or all of the Debenture holders could have a material adverse affect on the Company.

#### FORWARD LOOKING STATEMENTS

Some of the statements in this Form 8-K constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on our current expectations, estimates and projections. Words such as "will," "expects," "believes" and similar expressions are used to identify these forward-looking statements. The forward-looking statements in this Form 8-K include, without limitation, statements about claimed defaults with respect to the Company's debentures and potential consequences. These statements are only predictions and as such are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events or our future financial performance that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements, including an adverse court determination, changes in law, rules or regulations and other actions of parties adverse to the Company in regard to its rights under its outstanding debt obligations. As a result, these statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XENOMICS, INC.

Date: July 14, 2008

By: /s/ Gianluigi Longinotti-Buitoni  
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Gianluigi Longinotti-Buitoni  
Executive Chairman  
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