

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
A.C.N. 106 213 772

Financial Report
For the year ended
30 June 2008

TABLE OF CONTENTS

Directors' Report	3
Auditor's Independence Declaration	11
Financial Report	
Income Statement	12
Balance Sheet	13
Statement of Changes in Equity	14
Cash Flow Statement	15
Notes to the Financial Statements	16
Directors' Declaration	34
Independent Audit Report	35

Registered Address

Suite 404, 73 Flinders Lane
Melbourne Vic 3000
Tel +613 9650 8911

Auditors

Pitcher Partners NSW Pty Ltd
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000
Tel +613 9228 2200

Lawyers

Minter Ellison Lawyers
Level 23, Rialto Towers
525 Collins Street
Melbourne Vic 3000
Tel +613 8608 2000

Share Registry

Computershare Investor Services Pty Ltd
452 Johnson Street
Abbotsford Vic 3067
Tel +61 1300 137 328

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES DIRECTOR'S REPORT

The directors present their report together with the financial report of ATF Group (PDF) Limited ("ATF") for the financial year ended 30 June 2008 and auditors report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

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

J. A. (Tony) Wigginton appointed 28 May 2007, resigned 3 August 2007, reappointed 7 September 2007

Jon Lamb appointed 7 November 2007

Dr Raymond Schinazi appointed 3 August 2007

Bernie Romanin appointed 30 May 2008

Sean Magee appointed 5 September 2003, resigned 9 April 2008

Jennifer Page appointed 8 March 2006, resigned 9 April 2008

Jim McLauchlan appointed 14 February 2006, resigned 3 August 2007

Keith W Witney appointed 3 August 2007, resigned 7 September 2007

Christopher E Cuffe appointed 3 August 2007 resigned 24 October 2007

Shane Barr appointed 3 August 2007, resigned 7 September 2007

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

Results and review of Operations

The loss of the consolidated group for the year after providing for income tax amounted to \$2,949,536 (2007: \$1,699,199).

The company issued ordinary shares totalling 14,174,550 ordinary shares to raise \$2,723,722 (net of transaction costs). Of these 6,680,400 represented shares issued upon the conversion of options.

Evivar Medical Pty Ltd ("EM")

At present, ATF owns 29.03% of EM with the option to increase to 45% on payment of a further \$2 million. During the 2008 financial year ATF advanced a further \$1.25 million which can potentially be converted to share equity under the terms of the original ATF Shareholder Agreement with Melbourne Health. This potential conversion to equity would mean that the ATF share of Evivar will be approximately 36%.

EM provides a secure on-line therapy management service to diagnostic laboratories which enables clinicians to individualise the treatment of patients with chronic Hepatitis B Virus (HBV) and to select the right drug (or mix of drugs) in response to the HBV mutation diagnosed at the time.

On-line access to the EM database enables real time, accurate and cost effective identification of the HBV mutations present in each patient and their level of resistance to the available medications, thereby determining the most effective combination of drugs to combat the relevant strain of the virus. The Company believes this is a major breakthrough in the global fight against HBV and will lead to an improved quality of life for HBV sufferers.

By means of a licence agreement with Melbourne Health (and its consortium partners), EM has access to use a proprietary bio-informatics viral genomics sequence analysis program, known as SepHepB, for the diagnosis of the HBV mutations present in the patient and the determination of the resistance levels to the various available medications. The relevant software was developed by the Victorian Infectious Diseases Reference Laboratory (VIDRL), interfaced with genomic and phenotypic information based on over 3,000 HBV sequences from America, Asia, Australia and Europe.

EM provides physicians with:

- analysis of the patient's HBV genetic sequence;
- confirmation of the drug resistant mutation(s) detected in the patient; and
- a prediction of the treatment outcomes for the patient.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES DIRECTOR'S REPORT

The Market for Chronic Hepatitis B treatment

Chronic HBV infection is caused by the HBV and occurs worldwide. The World Health Organisation (WHO) estimates that more than 360 million people worldwide are chronically infected with HBV. Those with chronic HBV are at risk of cirrhosis (30%) and liver cancer (5%-10%). Up to one million people die annually from chronic HBV infection and its complications. About 70 million new cases per year are reported worldwide. Approximately 10% of these will develop chronic HBV, which means that, annually, 7 million people with chronic HBV will be added to the existing pool of chronic sufferers.

Sources of Revenue

EM has adopted a regional pricing strategy because of the inherent differences in the medical cost and social structures in different geographic regions. A reference price averaging approach was used to determine a suitable price for the EM service. For example, in Europe the service is available to laboratories at a cost of between €50 and €60 per test.

Other potential revenue sources for EM include:

- sub-licensing access to the database and patents to major diagnostics companies for the development of HBV drug resistance tests which are incorporated in their analytical testing instruments used by pathology testing laboratories globally.
- sub-licensing access to the database and patents to major pharmaceutical companies for cross-resistance testing of newer generations of drugs targeting HBV. Drug trials require monitoring of HBV drug resistance, especially with the revised licensing regulations for new antiviral viral agents.
- extension of the on-line platform to multiple infectious diseases such as HIV and HCV and other key blood borne pathogens. Utilising the same sophisticated analysis software and database technology, EM expects to be able to provide its customers (diagnostic and drug development companies, public health authorities, reference laboratories and researchers) with ready access to clinically relevant viral genetic sequences and use of the EM database and licensed technology for complementary opportunities.

Commercial Licensing Agreements

- EM has continued to successfully implement its business strategy. The Company currently has commercial licensing agreements in seven centres across six countries (USA, Germany, Italy, Spain, Australia and Hong Kong) which are expected to generate revenues in the coming year.
- Intellectual Property - The Company continued to ensure the intellectual property of Evivar is protected to the maximum extent practicable and has provided the funds required to progress the patent portfolio development and registration. These registrations underpin Evivar's commercialisation strategy and the enhanced commercial value that is becoming increasingly evident in the SeqHepB IP platform. Two important patents have been granted by the US Patent Office. These patents relate to two drugs widely prescribed in the treatment of Hepatitis B. These developments have substantially strengthened Evivar's IP portfolio.

Hunter Immunology Pty Ltd (HI)

ATF currently have an investment of \$140,000 in HI, a company which is involved in vaccine development. In addition to the ongoing development of vaccines from its existing base, HI has positioned itself to identify and select further immunological products with a view to their commercial development for the pharmaceutical industry.

HI is a late stage biopharmaceutical company focused on respiratory disease. Their first market, Chronic Obstructive Pulmonary Disease (COPD) is a multi billion dollar and rapidly growing market. COPD is the world's fourth leading cause of death. Their technologies have the potential to prevent or significantly modify the severity of a number of common diseases with large unmet needs. HI products will dramatically improve the

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES DIRECTOR'S REPORT

quality of life for patients with chronic respiratory disease. Their goal is to rapidly and sustainably build significant shareholder value.

Significant Changes in State of Affairs

ATF sold 3,000,000 shares in Hunter Immunology Limited. This was a strategic move by the company and provided the necessary funds to continue its investment in Evivar Medical Pty Ltd.

On 31 March 2008 the company ceased their management agreement with Australian Technology Fund Management Limited ("ATFM"). In accordance with Section 210 of the Corporations Act 2001 and, on the advice of the company's lawyers, this agreement was an arms length transaction. ATFM is the original promoter of ATF and its related entities

There were no other significant changes in the parent entity's and consolidated entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this financial report.

Principal Activities

The consolidated group is a pro-active investor in Australian personalised health care and therapy management technologies, with a view to facilitating their international development.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

Recapitalisation - the recapitalisation strategy is to secure sufficient funding to enable ATF to meet all costs of the full commercialisation of the Company's key asset, the Evivar SeqHepB IP. ATF is seeking \$6 million to take the Company to full commercialisation and to date \$1.1 million has been secured.

Commercialisation –The business growth focus has been on the USA with LabCorp now routinely processing patients with numbers expected to grow quickly in coming months. The Company is in advanced licensing negotiations with two other major US groups. Additionally negotiations are underway with groups in Switzerland, China (Beijing) and Turkey.

Intellectual Property – Two patents have granted in Australia and it is expected that critical patents will imminently grant in other countries including South Africa and China thus further leveraging the Company's IP position in discussions with both diagnostics and pharmaceutical companies.

Board of Directors – the Company is seeking new Board appointments. Progress will be reported in detail at the Annual General Meeting.

General - In the period since the termination of the consulting and other arrangements between the Company and its former executives, Sean Magee and Jennifer Page, the Company has undertaken a complete review of various transactions entered into by the Company with them and with ATF Management Ltd, a company associated with Sean Magee. As a result of those investigations, the Company has issued legal proceedings against both Sean Magee and Jennifer Page (in their individual capacity) to recover monies the Company believes are owed by them to the Company and to seek damages for losses suffered by the Company as a result of their actions.

Likely Developments

The group will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the group.

Environmental Issues

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
DIRECTOR'S REPORT**

Dividends Paid, Recommended, and Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Directors and Company Secretary

Special Responsibilities

Dr. Raymond Schinazi

Chairman and Non
Executive Director

Experience and Qualifications

Dr Schinazi has extensive senior management experience in the research of virology, drug discovery and is the founder of several biotechnology companies focusing on antiviral drug discovery and development, including Pharmaset Inc, Triangle Pharmaceuticals, Idenix Pharmaceuticals and RFS Pharma LLC. He has published over 420 peer reviewed papers and seven books and holds more than 70 US patents.

He is a pioneer in the development of HIV drugs for the treatment of HIV with more than 80% of individuals on treatment taking at least one of the drugs he invented. Dr Schinazi is the recipient of numerous awards including the 2006 Distinguished Scientist Award from the Hepatitis B Foundation. He has also served on the Presidential Commission on AIDS. He is currently Professor of Pediatrics and Chemistry and Director of the Laboratory of Biochemical Pharmacology at Emory University, Atlanta, Georgia in the United States.

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
DIRECTOR'S REPORT**

Directors and Company Secretary

Jon Lamb

Experience and Qualifications

Formerly Chief Executive Officer with Beecham New Zealand, Jon joined Beecham's marketing division in brand management and new product development, working in South Africa, London, Australia and New Zealand. At age thirty, he was the youngest CEO in the Group and reluctantly left the company after his family decided to settle permanently in New Zealand.

Jon has held Directorships of both public and private companies with a focus in the bio-medical field. He has acted as adviser to both the Thai Government and the then newly elected Mandela Government in South Africa as Advisor to the Strategic Planning Council.

Jon brings a wealth of over thirty years international experience in the pharmaceutical and bio-medical arena ranging from private start up companies to multinational public corporations.

J. A. (Tony) Wigginton

Experience and Qualifications

Tony is a qualified accountant, and is currently an authorised representative of Falconer Bellomo & Company Ltd, a Melbourne based licensed securities dealer. He has over 26 years experience in the banking and stockbroking industry, both in Australia and overseas. He has held executive management positions with a number of major international banks in Australia, the United States and Asia.

Bernie Romanin

Experience and Qualifications

Bernie has healthcare experience in Diagnostics, Pharmaceuticals and Medical Devices gained over 30 years in Australia and internationally.

He has extensive commercial expertise in sales and marketing, technology licensing and partnership management.

He has experience in managing start-up and new market business opportunities. During almost a decade in the USA with Chiron and Novartis, he has directed market development activities to identify, validate and commercialise new opportunities in molecular-based and immuno-based diagnostics in the areas of Infectious Diseases (Hepatitis and HIV/AIDS), Oncology, Cardiovascular Disease and Metabolic Disorders.

Special Responsibilities

Deputy Chairman &
Non-Executive
Independent Director

Company Secretary
(also director from 28
May 2007 to 3 August
2007 and 7 September
to present)

Director
Appointed 30 May 2008

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
DIRECTOR'S REPORT**

Directors and Company Secretary

Sean Magee

Experience and Qualifications

With over 20 years international experience as a merchant banker, Sean has advised on the financial and structural aspects of corporate development from start-up private companies through to public listings, initial public offerings, international capital raisings, syndicated financing and mergers and acquisitions. He commenced his involvement in the investment sector as an analyst and institutional investment adviser, later moving to Corporate Finance and Mergers & Acquisitions as a merchant banker with Paine Belcher, Morgan Grenfell and subsequently Charterhouse Bank in London. Following approval from the Bank of England, Sean was registered with the Securities and Futures Association in the UK with a general dealership registration.

Jennifer Page

Experience and Qualifications

Jennifer brings to the Company an extensive and in-depth understanding of Asia. As former Director – Business Development of FBR Asia Limited, she played a leading role in the development of the FBR Asia Group from a single office in Taipei in 1980 to a multi-national group covering the entire Asia-Pacific region. Appointed as Director – Business Development in 1984, she was responsible for multi-country initiatives throughout the region. These included the coordination of international business development activities, technology transfer and formulation of market entry strategies for clients from Europe, USA and Australia. These clients ranged from start-up and emerging companies to multinationals covering a diverse variety of industries.

Keith W Witney

Experience and Qualifications

Keith was a former senior officer in the Office of Prime Minister under the Malcolm Fraser Government and a former Chief Economist of ANZ Bank and held management positions with the ANZ Bank and its subsidiary, Esanda Finance Corporation.

Until recently, Mr Witney was a strategy advisor and chairman, respectively of two private companies engaged in quality management and services.

Christopher E Cuffe

Experience and Qualifications

Mr Cuffe has strong credentials and valuable experience in the field of financial investment management, and business development. Mr Cuffe holds a Bachelor of Commerce in Accounting, Finance and Systems (with merit) from the University of NSW as well as a Diploma from the Securities Institute in Australia. He is a fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Company Directors and an Associate of the Financial Services Institute of Australasia.

Special Responsibilities

Managing Director

Resigned 9 April 2008

Director International

Resigned 9 April 2008

Chairman and Non
Executive Director

Resigned
7 September 2007

Non Executive Director

Resigned 24 October
2007

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
DIRECTOR'S REPORT**

Directors and Company Secretary

Shane Barr

Experience and Qualifications

Mr Barr has 28 years of experience in the retail industry and has worked in senior sales and marketing roles representing a range of well known fashion companies, including Italian Sportswear Companies Fila and La Font. Mr Barr established his own Marketing Company in 1981 and represented apparel manufacturers selling the likes of David Jones and Myer, and established USA offices for an Australian apparel manufacturer. In 1989, he acquired 50% of one of Australia's most well known fashion house, Trent Nathan, and licensed the brand in other lifestyle products, to the point licensing exceeded manufacturing income. In his role as CEO of Trent Nathan, he travelled the world looking for new trends in both the apparel and consumer spend categories.

Jim McLauchlan (MA Hons Glasgow UK)

Experience and Qualifications

Jim has thirty years experience in government and tertiary education, including over a decade as a member of the NSW Senior Executive Service, and a range of senior tertiary education management positions.

Since 2000, he has provided consulting services to government and universities. His professional background includes membership of the Australian Computing Society and past Australasian President of the Association for Tertiary Education Management. He is a member of the Australasian Compliance Institute.

Special Responsibilities

Non-Executive Director

Resigned
7 September 2007

Director Compliance

Resigned 3 August
2007

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

Directors Meetings	
Eligible to attend	Attended
Dr Raymond Schinazi	11
Jon Lamb	6
J A (Tony) Wigginton	14
Bernie Romanin	0
Sean Magee	13
Jennifer Page	13
Jim McLauchlan	1
Keith W Witney	1
Christopher E Cuffe	1
Shane Barr	1

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
DIRECTOR'S REPORT**

Options

Options were exercised / forfeited during the year as follows:

	Number
Options at the beginning of year	10,505,400
New options issued during the year to 30 June 2008 (one option for every five shares purchased)	802,500
Options exercised at 20 cents per share	(6,680,400)
Options forfeited	(4,627,500)
Options at the date of this report	<u><u>-</u></u>

Shares Issued On Exercise of Options

Since the end of the financial year no options have been exercised. There are no amounts unpaid on shares issued on exercise of options.

Indemnification of Officer

No indemnities have been given or insurance premiums paid, during the financial year, for any person who is or has been an officer or auditor of the company.

The Company has Directors and Officers insurance.

Auditor's Independence Declaration

A copy of the auditor's declaration under Section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

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



Director

J A (Tony) Wigginton



Bernard Romanin

Dated this 29th day of October 2008.



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

W M WILSON
C G ARDAGNA
N K BANKS
J P BRIDGER
D A CARTWRIGHT
C J CHIRGWIN
K J CRANFIELD
A W ELKERTON
M A GODLEWSKI
B W JONES
C W HOPE
D S MCGILL
C R MILLINGTON
Y E PIETSCH
R M SHANLEY
D W STAPLES
D G YOUNG

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Brisbane | Perth | Adelaide

CONSULTANTS:
J S YOUNG
D G BARNSDALL
P S ROWE

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of ATF Group (PDF) Limited

In relation to the independent audit for the year ended 30 June 2008 of ATF Group (PDF) Limited, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

PITCHER PARTNERS

MARK GODLEWSKI

Partner

Sydney, 29th October 2008

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	3	157,558	308,305	157,558	308,305
Travelling expenses		(239,401)	(201,290)	(239,401)	(201,290)
Occupancy expenses		(90,030)	(82,692)	(90,030)	(82,692)
Administrative expenses		(670,484)	(425,954)	(574,374)	(425,954)
Legal fees		(419,166)	(127,052)	(419,166)	(127,052)
Management fees	4	(813,534)	(1,170,516)	(813,534)	(1,170,516)
Transaction costs in relation to aborted Initial Prospectus Offering of subsidiary	4	(533,302)	-	(533,302)	-
Write-off of loans and investments	4	(341,177)	-	(341,177)	-
Loss before income tax expense	4	(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)
Income tax expense	5	-	-	-	-
Loss from operations		(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	9,949	1,313,960	9,949	1,313,960
Other assets	7	245,000	5,000	245,000	5,000
TOTAL CURRENT ASSETS		<u>254,949</u>	<u>1,318,960</u>	<u>254,949</u>	<u>1,318,960</u>
NON-CURRENT ASSETS					
Other assets	7	1,744,165	629,275	1,840,275	629,275
Other financial assets	8	2,196,255	2,720,061	2,196,355	2,720,061
Property, plant and equipment	9	77,153	91,725	77,153	91,725
TOTAL NON-CURRENT ASSETS		<u>4,017,573</u>	<u>3,441,061</u>	<u>4,113,783</u>	<u>3,441,061</u>
TOTAL ASSETS		<u>4,272,522</u>	<u>4,760,021</u>	<u>4,368,732</u>	<u>4,760,021</u>
CURRENT LIABILITIES					
Trade and other payables	10	522,126	783,811	522,226	783,811
TOTAL CURRENT LIABILITIES		<u>522,126</u>	<u>783,811</u>	<u>522,226</u>	<u>783,811</u>
TOTAL LIABILITIES		<u>522,126</u>	<u>783,811</u>	<u>522,226</u>	<u>783,811</u>
NET ASSETS		<u>3,750,396</u>	<u>3,976,210</u>	<u>3,846,506</u>	<u>3,976,210</u>
EQUITY					
Share capital	11	9,671,912	6,948,190	9,671,912	6,948,190
Accumulated losses	12	(5,921,516)	(2,971,980)	(5,825,406)	(2,971,980)
TOTAL EQUITY		<u>3,750,396</u>	<u>3,976,210</u>	<u>3,846,506</u>	<u>3,976,210</u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Total equity at the beginning of the financial year		3,976,210	3,773,089	3,976,210	3,773,089
Loss for the year		(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)
Total recognised income and expense for the year		(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)
<i>Transactions with equity holders in their capacity as equity holders:</i>					
Contributions of equity net of transaction costs	11	2,723,722	1,902,320	2,723,722	1,902,320
		2,723,722	1,902,320	2,723,722	1,902,320
Total equity at the end of the financial year		3,750,396	3,976,210	3,846,506	3,976,210

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		-	56,033	-	56,033
Payments to suppliers and employees		(2,530,897)	(2,052,542)	(2,434,568)	(2,052,542)
Interest received		30,051	42,677	29,932	42,677
Net cash used in operating activities	14	<u>(2,500,846)</u>	<u>(1,953,832)</u>	<u>(2,404,636)</u>	<u>(1,953,832)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(16,386)	(18,525)	(16,386)	(18,525)
Loans to related parties		(1,256,250)	(100,000)	(1,352,360)	(100,000)
Proceeds from disposals of investments (net of amounts held in trust at year end)		210,000	-	210,000	-
Proceeds from the sale of property, plant and equipment		5,749	-	5,749	-
Payment for investments		-	(158,991)	(100)	(158,991)
Net cash used in investing activities		<u>(1,056,887)</u>	<u>(277,516)</u>	<u>(1,153,097)</u>	<u>(277,516)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue net of costs		2,253,722	1,902,320	2,253,722	1,902,320
Proceeds from subscriptions for shares not allotted at balance date		-	470,000	-	470,000
Net cash provided by financing activities		<u>2,253,722</u>	<u>2,372,320</u>	<u>2,253,722</u>	<u>2,372,320</u>
Net (decrease)/increase in cash held		(1,304,011)	140,972	(1,304,011)	140,972
Cash at beginning of financial year		1,313,960	1,172,988	1,313,960	1,172,988
Cash at end of financial year	6	<u>9,949</u>	<u>1,313,960</u>	<u>9,949</u>	<u>1,313,960</u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes separate financial statements for ATF Group (PDF) Limited as an individual entity and the consolidated group consisting of ATF Group (PDF) Limited and its subsidiaries. ATF Group (PDF) Limited, the legal parent, is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

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

Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS's).

The following is a summary of material accounting policies adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Principles of Consolidation

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

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year-end.

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

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

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

<i>Class of fixed asset</i>	<i>Depreciation rates</i>	<i>Depreciation basis</i>
Leasehold improvements	7.5 to 17%	Straight Line/Diminishing Value
Office Equipment	7.5 to 50 %	Diminishing Value

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

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

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income Tax

The Company (ATF Group (PDF) Limited) is a registered Pooled Development Fund (PDF). The PDF program was established by the Federal Government in 1993 to encourage investment in small and medium-sized Australian enterprises.

Favourable tax treatment is available for both the Company, and its shareholders: There is no capital gains tax on the sale of shares held by a shareholder in a PDF. Shareholders may elect to treat dividends paid by the company as tax exempt or treat the franked amount of any such dividend as assessable income in order to receive the benefit of the attached franking credits. The Company pays a corporate tax rate of 15% on PDF investment income and 25% on other income.

To maintain its status as a PDF, the Company must comply with the regulations imposed by the Pooled Development Funds Act 1992. The Company has to conduct its investment activities in accordance with the following:

- It must invest 65% of its raised capital within five years of the raising;
- It may only invest in new shares in Australian companies;
- It must invest over \$500,000 in each investment or, if it invests a lesser sum, take a minimum 10% equity in the investee company;
- Investee companies must have less than A\$50 million in total assets;
- The funds invested by the Company must be used to establish an eligible business, to substantially expand production capacity or to substantially expand existing markets of an eligible business.

(f) Finance Costs

Finance costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Finance costs are expensed as incurred.

(g) Impairment of Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Classification

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as: financial assets at fair value through profit and loss account, 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.

Financial assets at fair value through profit and loss account

The company is a venture capitalist organisation, and designates its investments as being fair value through the profit and loss. The scope of AASB 128 Investments in Associates allows this treatment for venture capitalist organisations even though the company may have significant influence in an investee.

The investments in equity instruments do not have a quoted market price in an active market and are therefore measured at cost in accordance with AASB 139 because their fair value cannot be measured reliably.

As disclosed in Note 8, the reasons are set out for carrying these financial assets at cost rather than carrying the assets at fair value.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparatives of the consolidated group represent those of the parent entity only. The figures for the year ended 30 June 2008, represent those of the parent entity from 1 July 2007 and the subsidiary from the date of acquisition, being 31 January 2008.

(j) Critical Accounting Estimates and Assumptions

The consolidated group and the parent entity make certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

Impairment

The consolidated group and the parent entity assess impairment at each reporting date by evaluating conditions specific to the entities that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment has been recognised where these assets are not expected to be recoverable (Note 4(b)). In respect of the remaining assets no impairment has been recognised. This is mostly due from the company's invested in or other related parties, or investments in unlisted entities. The reasons as to why these assets are or are not considered impaired are set out in Notes 7 and 8 of the financial report.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Issued or Amended Australian Accounting Standards

There are a number of issued or amended Australian accounting standards, which are not effective at balance date. These have not been adopted in the preparation of the financial statements and none are expected to significantly impact on the future results of the consolidated group and the parent entity.

NOTE 2: GOING CONCERN

The consolidated group and the parent entity have incurred substantial losses. In order for the consolidated group and the parent entity to continue trading they are reliant on the following types of funding:

- Raising funds from existing shareholders;
- Raising funds from new shareholders through Initial Prospectus Offers; and
- Generating cash inflows from their trading operations or sale of their investments.

As such there is uncertainty as to whether the consolidated group and the parent entity will be able to continue as a going concern and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 3: REVENUE				
<i>Other revenue</i>				
- services revenue	51,331	265,628	51,331	265,628
- interest received	29,932	42,677	29,932	42,677
Total revenue	81,263	308,305	81,263	308,305
 <i>Other income</i>				
- gain on disposal of non-current investments	76,295	-	76,295	-
	76,295	-	76,295	-
	157,558	308,305	157,558	308,305

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
NOTE 4: LOSS BEFORE INCOME TAX					
Loss from operations before income tax has been determined after:					
(a) Expenses:					
Auditors remuneration					
- audit services or review of financial report		36,623	35,000	36,623	35,000
- non-audit services		23,595	4,950	23,595	4,950
		<u>60,218</u>	<u>39,950</u>	<u>60,218</u>	<u>39,950</u>
Depreciation of non-current assets					
- plant and equipment		22,886	20,721	22,886	20,721
Rental expense on operating leases					
- minimum lease payments		82,104	77,508	82,104	77,508
(b) Significant items:					
The following significant revenue and expense items are relevant in explaining the financial performance:					
Impairment of irrecoverable investments		150,002	-	150,002	-
Impairment of irrecoverable loans		191,175	-	191,175	-
		<u>341,177</u>	<u>-</u>	<u>341,177</u>	<u>-</u>
The impairment relates to investments in and loans made to, two related companies, being Medcina Pty Limited and Medcina Group Pty Limited, which have been deemed as irrecoverable and therefore are impaired.					
Management fees	13(c)	813,534	1,170,516	813,534	1,170,516
Transaction costs in relation to aborted Initial Prospectus Offering of subsidiary		533,302	-	533,302	-
NOTE 5: INCOME TAX EXPENSE					
Income tax expense attributable to loss		-	-	-	-

The group and company's taxable income was \$Nil as at balance date as both had incurred significant tax losses.

At balance date the tax losses have not been brought to account as it is not probable that these losses will be realised.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 6: CASH AND CASH EQUIVALENTS				
CURRENT				
Cash at bank	9,949	1,313,960	9,949	1,313,960
NOTE 7: OTHER ASSETS				
CURRENT				
Amounts held in Trust	(b) 245,000	5,000	245,000	5,000
NON CURRENT				
Sundry debtors	5,936	4,549	5,936	4,549
Deposits for operating leases	27,073	27,073	27,073	27,073
Loans to related parties	(a) 1,711,156	597,653	1,807,266	597,653
	1,744,165	629,275	1,840,275	629,275

(a) Loans to related parties include the following:

- \$1,250,000 loan to Evivar Medical Pty Limited, plus an additional \$214,654 in relation to charges for consulting and service fees and recharges of expenses;
- \$176,171 relating to a loan with Australian Technology Fund Management Limited;
- \$67,387 in relation to amounts owed by former directors Sean Magee and Jennifer Page in relation to travel expense advances.

The parent entity loans include \$96,110 due from Global Therapy Management Limited, a subsidiary of ATF Group (PDF) Limited.

All loans are non interest bearing and have no set repayment dates.

Impairment

Evivar Medical Pty Limited is continuing with its development and has recently secured various licensing agreements from which it is generating revenues.

Recovery of the amounts due from Sean Magee and Jennifer Page \$67,387 and the loan with Australian Technology Fund Management Limited of \$176,171 is currently being sought.

Global Therapy Management Limited is a public company currently. The company has recently raised significant funds and the loan is expected to be repaid out of these funds.

(b) At 30 June 2008, \$245,000 from the disposal of investments was held in Trust.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 8: OTHER FINANCIAL ASSETS				
NON CURRENT				
Shares in unlisted companies – at cost	2,196,255	2,720,061	2,196,255	2,720,061
Shares in subsidiaries – at cost	-	-	100	-
	<u>2,196,255</u>	<u>2,720,061</u>	<u>2,196,355</u>	<u>2,720,061</u>
<i>Represented by:</i>				
Evivar Medical Pty Ltd	2,051,025	2,051,025	2,051,025	2,051,025
Hunter Immunology Pty Ltd	145,230	519,034	145,230	519,034
Medcina Pty Ltd	-	150,000	-	150,000
Medcina Group Pty Limited	-	2	-	2
Global Therapy Management Limited	-	-	100	-
	<u>2,196,255</u>	<u>2,720,061</u>	<u>2,196,355</u>	<u>2,720,061</u>

The consolidated group and the parent entity assess impairment at each reporting date by evaluating conditions specific to the investment that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Evivar Medical Pty Limited is continuing with its development and has recently secured various licensing agreements from which it is generating revenues.

ATF Group (PDF) Limited sold 75% of its shares in Hunter Immunology Pty Limited prior to balance date resulting in the realisation of 15 cents per share. The shares are carried at a cost of 12 cents per share.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

NON CURRENT

Leasehold improvements

At cost	65,200	65,200	65,200	65,200
Less accumulated depreciation	(22,751)	(12,152)	(22,751)	(12,152)
	<u>42,449</u>	<u>53,048</u>	<u>42,449</u>	<u>53,048</u>

Furniture, fixtures and fittings

At cost	54,951	50,213	54,951	50,213
Less accumulated depreciation	(20,247)	(11,536)	(20,247)	(11,536)
	<u>34,704</u>	<u>38,677</u>	<u>34,704</u>	<u>38,677</u>
Total property, plant and equipment	<u>77,153</u>	<u>91,725</u>	<u>77,153</u>	<u>91,725</u>

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movements in carrying amounts

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

Consolidated Entity and Parent Entity	Leasehold improvements	Furniture, fixtures & fittings	Total
	\$	\$	\$
<i>Original cost</i>			
Opening balance	65,200	50,213	115,413
Additions	-	16,386	16,386
Disposals	-	(11,648)	(11,648)
Closing balance	<u>65,200</u>	<u>54,951</u>	<u>120,151</u>
<i>Accumulated depreciation</i>			
Opening balance	12,152	11,536	23,688
Depreciation expense	10,599	12,287	22,886
Disposals	-	(3,576)	(3,576)
Closing balance	<u>22,751</u>	<u>20,247</u>	<u>42,998</u>
Carrying amount at end of year	<u>42,449</u>	<u>34,704</u>	<u>77,153</u>

NOTE 10: TRADE AND OTHER PAYABLES	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
<i>Unsecured liabilities</i>				
Trade creditors	383,959	170,279	383,959	170,279
Sundry creditors and accruals	18,177	71,933	18,277	71,933
Amount payable to Australian Technology Fund Management Limited	-	71,599	-	71,599
Funds received in relation to unissued shares	-	470,000	-	470,000
<i>Secured</i>				
Loan from directors	119,990	-	119,990	-
	<u>522,126</u>	<u>783,811</u>	<u>522,226</u>	<u>783,811</u>

The loan from directors relates to a loan from Dr Raymond Schinazi. The loan is repayable 120 days from 17 April 2008, or as subsequently negotiated. Interest is as at the 180 day bank bill rate as at 17 April 2008. The loan is secured by a charge over the remaining shares the parent entity holds in Hunter Immunology Ltd.

Trade creditors are generally paid in line with the terms and conditions agreed with the individual suppliers or as and when funding permits.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$	2007 \$
NOTE 11: SHARE CAPITAL			
Issued and paid up capital			
84,045,925: (2007: 69,871,375) ordinary shares	(a)	9,671,912	6,948,190
		9,671,912	6,948,190
(a) Ordinary shares			
At the beginning of the year		6,948,190	5,045,870
Shares issued during the year			
- 14,174,550 ordinary shares at 20 cents per share		2,834,510	1,997,500
Transaction costs incurred in issuing shares		(110,788)	(95,180)
At reporting date		9,671,912	6,948,190
		Number	Number
At the beginning of year		69,871,375	58,383,875
Shares issued by exercising of options		6,680,400	-
Other shares issued during the year		7,494,150	11,487,500
At reporting date		84,045,925	69,871,375

Ordinary shares

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

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

Options

There are no options on issue at 30 June 2008. Options were issued during the year on the basis of one option for every five shares purchased. No options were issued to directors and director related entities. Options were issued at no value. Shares issued on the exercise of options rank equally with all existing shares on issue as at the exercise date and are subject to the provisions of the Constitution.

Exercise of Options

The company had options which lapsed on 31 August 2007. The options were exercised / forfeited as follows:

	Number
Options at the beginning of year	10,505,400
New options issued during the period from 1 July 2007 to 31 August 2007 – exercise date (one option for every five shares purchased)	802,500
	11,307,900
Options exercised at 20 cents per share	(6,680,400)
Options forfeited	(4,627,500)
Options at the date of this report	-

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 12: ACCUMULATED LOSSES				
Balance at the beginning of the year	(2,971,980)	(1,272,781)	(2,971,980)	(1,272,781)
Net loss attributable to members of the parent entity	(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)
Balance at the end of the year	<u>(5,921,516)</u>	<u>(2,971,980)</u>	<u>(5,825,406)</u>	<u>(2,971,980)</u>

NOTE 13: RELATED PARTY TRANSACTIONS

Directors and Executives Compensation

(a) Details of Key Management Personnel

(i) Directors

J.A. (Tony) Wigginton	Director – Executive - Appointed 28 May 2007, resigned 3 August 2007, reappointed 7 September 2007
Dr. Raymond Schinazi	Chairman – Appointed 3 August 2007
Jon Lamb	Deputy Chairman & Non Executive Director – Appointed 7 November 2007
Bernie Romanin	Director – Appointed 8 April 2008
Sean Magee *	Managing Director - Appointed 5 September 2003, resigned 9 April 2008
Jennifer Page *	Director and Executive - Appointed 8 March 2006, resigned 9 April 2008
Jim McLauchlan	Director – Executive - Appointed 14 February 2006, resigned 3 August 2007
Keith W Witney	Director - Appointed 3 August 2007, resigned 7 September 2007
Christopher E Cuffe	Director - Appointed 3 August 2007, resigned 24 October 2007
Shane Barr	Director - Appointed 3 August 2007, resigned 7 September 2007

(ii) Executives

J.A. (Tony) Wigginton	Company Secretary - Appointed 4 October 2005
-----------------------	--

* - Sean Magee and Jennifer Page are husband and wife.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13: RELATED PARTY TRANSACTIONS (continued)

(b) Number of shares held at the balance date by Key Management Personnel or Associated Entities:

Directors or former directors or director related parties	Balance 1/07/07 Number	Allotted during the year Number	Balance 30/06/08 Number
Australian Technology Fund Pty Ltd *	8,814,530	-	8,814,530
Christopher E Cuffe	-	2,900,000	2,900,000
Sean Magee	8,814,629	1,050,000	9,864,629
Jennifer Page	3,167,572	50,000	3,217,572
Jim McLauchlan	3,167,572	-	3,167,572
Dr Raymond Schinazi	-	1,875,000	1,875,000
J.A. (Tony) Wigginton	100,000	-	100,000

* Sean Magee and Jennifer Page are each beneficial owners of 25% of FBRI Australia Pty Limited which in turns owns approximately 60% of Australian Technology Fund Pty Limited.

There are no key management personnel other than directors.

(c) Related party transactions and balances

Evivar Medical Pty Limited

ATF Group (PDF) Limited own 29% of the share capital of this company. The investment totals \$2,051,025 (see Note 8). At 30 June 2008, Jon Lamb and Tony Wigginton are directors of both ATF Group (PDF) Limited and Evivar Medical Pty Limited. During the year ended 30 June 2008, Sean Magee and Jennifer Page were also directors of both companies until they resigned as directors of ATF Group (PDF) Limited on 9 April 2008.

During the year the following related party transactions occurred:

- An amount of \$1,100,000 was loaned by ATF Group (PDF) Limited, increasing the balance to \$1,250,000 (2007: \$100,000) at balance date (see Note 7). The loan is interest free and has no set repayment date. Service fees totalling \$50,000 were charged by ATF Group (PDF) Limited to Evivar Medical Pty Limited in accordance with an agreement between the entities. The fees were on an arms length basis.
- Expenses were paid on behalf of Evivar Medical Pty Limited by ATF Group (PDF) Limited and vice versa. The loan balances in respect of these recharges totalled \$214,654 (see Note 7) at 30 June 2008 (2007: \$289,557);
- ATF Group (PDF) Limited has a consulting fees agreement with Evivar Medical Pty Limited whereby if the company provide consulting services to Evivar Medical Pty Limited a fee is payable. No such charges have been incurred during the year and accordingly no consulting fee revenue has been brought to account.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13: RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions and balances (continued)

Medcina Pty Limited

ATF Group (PDF) Limited own 9.1% of the share capital of this company. Sean Magee and Jennifer Page were directors of both Medcina Pty Limited and ATF Group (PDF) Limited until they resigned as directors of ATF Group (PDF) Limited on 9 April 2008.

During the year the following related party transactions occurred:

- Expenses were paid on behalf of Medcina Pty Limited by ATF Group (PDF) Limited. The loan balance in respect of these recharges totalled \$126,091 at 30 June 2008 (2007: \$87,805). At balance date, the directors agreed that the loan was impaired and the balance of \$126,092 was provided for (see Note 4);
- ATF Group (PDF) Limited has an investment of 9.1% in Medcina Pty Limited. At balance date, the directors agreed that the investment was impaired and the balance of \$150,000 was provided for (see Note 4).

Medcina Group Pty Limited

ATF Group (PDF) Limited own 50% of the share capital of this company. Sean Magee and Jennifer Page were directors of both Medcina Group Pty Limited and ATF Group (PDF) Limited until they resigned as directors of ATF Group (PDF) Limited on 9 April 2008.

During the year the following related party transactions occurred:

- Expenses were paid on behalf of Medcina Group Pty Limited by ATF Group (PDF) Limited. The loan balance in respect of these recharges totalled \$65,084 at 30 June 2008 (2007: \$9,600). At balance date, the directors agreed that the loan was impaired and the balance of \$65,084 was provided for (see Note 4);
- ATF Group (PDF) Limited has an investment of 50% in Medcina Pty Limited. At balance date, the directors agreed that the investment was impaired and the balance of \$2 was provided for (see Note 4).

Global Therapy Management Limited (formerly Therapy Management International Limited)

ATF Group (PDF) Limited own 100% of the share capital of this company. At 30 June 2008, Jon Lamb and Tony Wigginton are directors of both ATF Group (PDF) Limited and Global Therapy Management Limited. During the year ended 30 June 2008, Sean Magee and Jennifer Page were also directors of both companies until they resigned as directors of ATF Group (PDF) Limited on 9 April 2008.

During the year the following related party transactions occurred:

- Expenses were paid on behalf of Global Therapy Management Limited by ATF Group (PDF) Limited. The loan balance in respect of these recharges totalled \$96,110 at 30 June 2008 (2007: \$Nil). The loan is to enable the subsidiary to commence its operations and initiate capital raising. The loan is interest free and has no set repayment date.
- Included in the expenses of Global Therapy Management Limited is \$76,425 in relation to purchases from 'The Factory', a company in which Jon Lamb (a director of ATF Group (PDF) Limited) is a major shareholder. The fees charged were at normal commercial terms.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13: RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions and balances (continued)

Australian Technology Fund Management Limited

- An amount of \$813,534 (2007: \$1,170,516) was charged by Australian Technology Fund Management Limited in relation to Management Fees for the services of Sean Magee, Jennifer Page, Jim McLauchlan, Tony Wigginton and related fees in accordance with resolutions of the directors dated 1 December 2005 and 1 July 2006. The Management Agreement was terminated as of 31 March 2008. From this date no further Management Fees were paid. An amount totalling \$176,171 (2007: \$71,599 payable) is due from Australian Technology Fund Management Limited at 30 June 2008;
- Jim McLauchlan a former director of ATF Group (PDF) Limited has been employed as a consultant. In the period from 1 March 2008 to 30 June 2008 consultancy fees totalling \$66,000 were paid;

Other

- Consultancy fees totalling \$33,500 were paid to ATF Management (Hong Kong) Limited, a company based in Hong Kong in which Sean Magee is a director;
- Directors fees totalling \$5,000 were paid to Keith Witney, a director of ATF Group (PDF) Limited during the year;
- Directors fees totalling \$4,167 were paid to Shane Barr, a director of ATF Group (PDF) Limited during the year;
- At 30 June 2008, \$67,387 is due from Sean Magee, a former director of ATF Group (PDF) Limited;
- An amount of \$76,886 was charged to the company in respect of brokerage fees by Falconer Bellamo, in connection with the raising of share capital. The amount charged was on an arms length basis. Tony Wigginton, a director of ATF Group (PDF) Limited is an authorised representative of Falconer Bellamo. The balance due to Falconer Bellamo at balance date is \$5,522 (2007: \$Nil);
- During the year, Dr Ray Schinazi, a director of ATF Group (PDF) Limited loaned the company \$119,990. This was the balance at 30 June 2008 and the maximum balance throughout the year. The loan is repayable 120 days from 17 April 2008, or as subsequently negotiated. Interest is as at the 180 day bank bill rate as at 17 April 2008;
- At 30 June 2008, a amount of \$4,367 is due from ATF Pty Limited, a company in which both Sean Magee and Jennifer Page are directors;

(d) Exercising of Options

During the year the following directors or their related parties exercised options:

- Christopher E Cuffe 150,000 new shares issued at 20 cents per share. The options were granted prior to becoming a director of ATF Group (PDF) Limited;

There were no options outstanding at the reporting date.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 14: CASH FLOW INFORMATION				
(a) Reconciliation of cash flow from operations with loss from ordinary activities after income tax				
Loss from ordinary activities after income tax	(2,949,536)	(1,699,199)	(2,853,426)	(1,699,199)
<i>Non-cash flows in loss from ordinary activities:</i>				
Depreciation	22,886	20,721	22,886	20,721
Impairment of investments	150,002	-	150,002	-
Impairment of related party loans	191,175	-	191,175	-
Loss on disposal of property, plant and equipment	2,323	-	2,323	-
Profit on disposal of investments	(76,295)	-	(76,295)	-
<i>Changes in assets and liabilities:</i>				
(Increase)/decrease in other assets	(1,325)	(398,096)	(1,325)	(398,096)
Increase/(decrease) in trade and other payables	159,924	122,742	160,024	122,742
Cash flows from operations	<u>(2,500,846)</u>	<u>(1,953,832)</u>	<u>(2,404,636)</u>	<u>(1,953,832)</u>

NOTE 15: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	35,000	53,900	35,000	53,900
- later than one year and not later than five years	-	31,441	-	31,441
	<u>35,000</u>	<u>85,341</u>	<u>35,000</u>	<u>85,341</u>

General description of leasing arrangement:

The lease relates to a property agreement which expires in February 2009.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL INSTRUMENTS

Interest rate risk

The consolidated group's and parent entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

Consolidated Group

	Interest Rate	Non-Interest Rate Bearing	Interest Bearing	Total 30 June 2008
	%	\$	\$	\$
2008				
Financial assets				
Cash at bank	-	9,949	-	9,949
Other assets	-	1,989,165	-	1,989,165
Other financial assets	-	2,196,255	-	2,196,255
		4,185,420	-	4,195,369
Financial liabilities				
Trade and other payables	8.00	402,136	119,990	522,126

2007

Financial assets

Cash at bank	5.00	-	1,313,960	1,313,960
Other assets	-	634,275	-	634,275
Other financial assets	-	2,720,061	-	2,720,061
		3,354,336	1,313,960	4,668,296

Financial liabilities

Trade and other payables	-	313,811	-	313,811
--------------------------	---	---------	---	---------

Parent Entity

	Interest Rate	Non-Interest Rate Bearing	Interest Bearing	Total 30 June 2008
	%	\$	\$	\$
2008				
Financial assets				
Cash at bank	-	9,949	-	9,949
Other assets	-	2,085,275	-	2,085,275
Other financial assets	-	2,196,255	-	2,196,255
		4,291,479	-	4,291,479
Financial liabilities				
Trade and other payables	8.00	402,236	119,990	522,226

2007

Financial assets

Cash at bank	5.00	-	1,313,960	1,313,960
Other assets	-	634,275	-	634,275
Other financial assets	-	2,720,061	-	2,720,061
		3,354,336	1,313,960	4,668,296

Financial liabilities

Trade and other payables	-	313,811	-	313,811
--------------------------	---	---------	---	---------

The consolidated group and parent entity's financial instruments consist mainly of deposits with banks, loans to related entities, investments and trade payables. All interest bearing assets and liabilities are due within one year.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Financial risk

The consolidated group and parent entity monitor their financial risk informally on a day to day basis and then formally at monthly Board meetings, where the financial position of the group is discussed in detail.

Liquidity risk.

The consolidated entity and parent entity manage liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is available through the raising of equity.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The consolidated group's and parent entity's exposure is as set out in Notes 7 and 8 of the financial statements. As stated in Notes 7 and 8, there is an inherent uncertainty associated with the carrying value of these assets at 30 June 2008.

NOTE 17: AFTER BALANCE DATE EVENTS

Recapitalisation - the recapitalisation strategy is to secure sufficient funding to enable ATF to meet all costs of the full commercialisation of the Company's key asset, the Evivar SeqHepB IP. ATF is seeking \$6 million to take the Company to full commercialisation and to date \$1.1 million has been secured.

Commercialisation –The business growth focus has been on the USA with LabCorp now routinely processing patients with numbers expected to grow quickly in coming months. The Company is in advanced licensing negotiations with two other major US groups. Additionally negotiations are underway with groups in Switzerland, China (Beijing) and Turkey.

Intellectual Property – Two patents have granted in Australia and it is expected that critical patents will imminently grant in other countries including South Africa and China thus further leveraging the Company's IP position in discussions with both diagnostics and pharmaceutical companies.

Board of Directors – the Company is seeking new Board appointments. Progress will be reported in detail at the Annual General Meeting.

General - In the period since the termination of the consulting and other arrangements between the Company and its former executives, Sean Magee and Jennifer Page, the Company has undertaken a complete review of various transactions entered into by the Company with them and with ATF Management Ltd, a company associated with Sean Magee. As a result of those investigations, the Company has issued legal proceedings against both Sean Magee and Jennifer Page (in their individual capacity) to recover monies the Company believes are owed by them to the Company and to seek damages for losses suffered by the Company as a result of their actions.

NOTE 18: SEGMENT INFORMATION

The company has the following business segments and geographical segments:

(a) Business segments

The company is a pro-active investor in personalised health care and therapy management technologies In Australia with a view to facilitate their international commercial development.

(b) Geographical segments

The company operates predominantly within Australia.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following legal subsidiaries of ATF Group (PDF) Limited in accordance with the accounting policy described in Note 1(a):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2008	2007
			%	%
Global Therapy Management Limited (formerly Therapy Management International Limited)	Australia	Ordinary	100	-

On 31st January 2008, Global Therapy Management Limited was incorporated. 100 ordinary shares at \$1 each were issued to ATF Group (PDF) Limited, representing the entire share capital of this company.

NOTE 20: COMPANY DETAILS

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

Suite 404
73 Flinders Lane
Melbourne VIC 3000

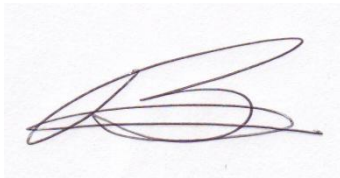
ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, comprising the Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated group and the parent entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated group and parent entity will be able to pay their debts as and when they become due and payable.

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



Director _____

Bernard Romanin



Director _____

J A (Tony) Wigginton

Dated this 29th day of October 2008.



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

W M WILSON
C G ARDAGNA
N K BANKS
J P BRIDGER
D A CARTWRIGHT
C J CHIRGWIN
K J CRANFIELD
A W ELKERTON
M A GODLEWSKI
B W JONES
C W HOPE
D S MCGILL
C R MILLINGTON
Y E PIETSCH
R M SHANLEY
D W STAPLES
D G YOUNG

CONSULTANTS:
J S YOUNG
D G BARNSDALL
P S ROWE

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Brisbane | Perth | Adelaide

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ATF GROUP (PDF) LIMITED

We have audited the accompanying financial report of ATF Group (PDF) Limited and its Controlled Entities. The financial report comprises the Balance Sheet as at 30 June 2008, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, 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 Director's of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal 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 Director's also state that in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement*, that compliance with the Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
ATF GROUP (PDF) LIMITED**

Qualification in Respect of the Recovery of Other Assets

As disclosed in Note 7, included in other assets are amounts receivable from former directors Sean Magee and Jennifer Page, totalling \$67,387 and Australian Technology Fund Management Limited of \$176,171. The company is currently in the process of issuing legal proceedings to recover these receivables and therefore at this stage it is unknown as to the likely outcome of these proceedings and as to whether these assets will be recovered. Accordingly we are not in a position to and do not express an opinion on the recoverability of these balances for the year ended 30 June 2008.

Qualified Audit Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary if we had been able to form an opinion of the recoverability of these balances set out in the qualification paragraph, the financial report of ATF Group (PDF) Limited:

- (i) gives a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date;
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (iii) complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2 Going Concern, there is uncertainty whether the company and the consolidated entity will be able to:

- (a) continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report; and
- (b) pay their debts as and when they become due and payable.



PITCHER PARTNERS



MARK GODLEWSKI
Partner

Sydney, 29th October 2008