

**ATF GROUP (PDF) LIMITED AND  
CONTROLLED ENTITIES  
ABN: 80 106 213 772**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2008**

This half-year financial report is to be read  
in conjunction with the financial report for  
the year ended 30 June 2008.

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES  
FINANCIAL REPORT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2008**

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## **ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

The directors present their report together with the condensed financial report of ATF Group (PDF) Limited and controlled entities, for the half-year ended 31 December 2008 and independent auditor's review report thereon.

#### **Directors Names**

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

#### **Name**

---

J A Wigginton  
Jon Lamb  
Bernie Romanin  
Dr. Raymond Schinazi

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

#### **Review of Operations**

The consolidated loss of the group for the half-year after providing for income tax amounted to \$932,859.

During the period the group issued 7,500,000 shares. The issuing of the shares raised \$1,490,773 net of transaction costs.

The first half of FY 2009 has seen the group achieve solid progress towards establishing a secure financial future for the group and a firm base from which to exploit the intellectual property portfolio of the group's major investment - Evivar Medical Pty Ltd (Evivar).

During the reporting period the group:

- completed its initial commitment to invest a further \$2.0 million (making \$4.0 million in total) into Evivar and is now entitled, if it converts its loan into equity, to shares representing 45% of the issued capital of Evivar;
- confirmed a stable and committed Board, with the expectation that at least one, and possibly two, further experienced business persons will agree to join the Board in early 2009;
- developed a strong relationship with Melbourne Health, our commercialisation partner in Evivar (this compares very favorably to the period in April 2008 when Melbourne Health had serious concerns about the commercialisation of the SeqHepB licence from Evivar);
- finalised a coherent business plan for the commercialisation of the intellectual property inherent in the SeqHepB database licensed by Evivar from Melbourne Health (and others); and

# **ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES**

## **DIRECTORS' REPORT**

### **Review of Operations (continued)**

- the Board has focused its activities on the core strategy of commercialisation of the SeqHepB IP. All other activities of the group have either been discontinued permanently or deferred. For example, the group has resolved not to provide any further financial support to the Medcina group of companies (Chinese natural medicines).

Your Board was delighted by the support from shareholders for its future plans at the Annual General Meeting (AGM) in November 2008. This was clearly illustrated by the positive feedback received at the meeting from a number of shareholders and further confirmed when all resolutions were passed by a substantial majority. (The Chairman's address and the results of AGM poll are available on the Company's website).

The group was pleased to announce the successful conclusion of a licence agreement with Abbott Molecular and the payment of a substantial first milestone amount to Evivar in December 2008. The licence contains provisions for further substantial milestone payments and a double digit royalty. The Abbott Molecular licence is a very important step in the commercialisation of the Evivar intellectual property. It is recognition by a major multinational company of the value of Evivar's intellectual property and, once it has been licensed by one of the major global diagnostic companies, it can reasonably be expected that others, if not all, of those global diagnostic companies will follow that lead.

During the reporting period the group has been successful in raising additional funding of \$1,500,000 (by an issue of new shares). The funding, subscribed by a private investor, is a major boost for the group's working capital resources, a welcome show of support for your Board and another demonstration of the belief of investors in the commercial potential of the SeqHepB database intellectual property.

### **After Balance Date Events**

As part of Evivar's partnership with Abbott Molecular, they have advised the launch of their testing system in Europe and the USA will occur over the March/April 2009 period.

Additionally negotiations have also commenced with other global diagnostic companies.

Evivar's negotiations with the largest US based clinical laboratory network and Advanced Biological Laboratories SA have also progressed very positively.

The group received further subscription funds totalling \$500,000 in early 2009. This additional funding has secured liquid funds sufficient to meet the group's expected funding commitments over the next 12 to 18 months.

**ATF GROUP (PDF) LIMITED  
AND CONTROLLED ENTITIES**

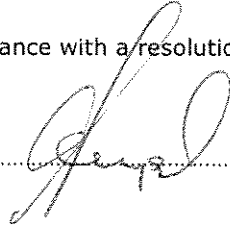
**DIRECTORS' REPORT**

**Auditor's Declaration**

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors:

.....  
J A Wigginton  
Director



Dated this 13 day of March 2009



**ATF GROUP (PDF) LIMITED  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
To the Directors of ATF Group (PDF) Limited**

In relation to the half-year independent auditor's review for the six months to 31 December 2008, to the best of my knowledge and belief there have been:

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

  
**PITCHER PARTNERS  
Melbourne**

  
**M W PRINGLE  
13 March 2009**

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	31 Dec 2008 \$	31 Dec 2007 \$
Revenue			
Sales revenue		12,500	25,000
Other income		4,167	26,397
		<u>16,667</u>	<u>51,397</u>
Management Fees		-	640,610
Depreciation and amortisation		9,437	11,819
Professional Fees		430,239	324,362
Travel expenses		61,551	193,720
Other expenses		152,145	244,317
Write off due diligence and associated costs		-	533,301
Provision for non-recoverable loans	8	243,558	-
Loss on disposal of plant and equipment		52,596	-
		<u>949,526</u>	<u>1,948,129</u>
<b>Loss before income tax</b>		<u>(932,859)</u>	<u>(1,896,732)</u>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<u>(932,859)</u>	<u>(1,896,732)</u>

The accompanying notes form part of these financial statements.

**ATF GROUP (PDF) LIMITED  
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**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	31 Dec 2008	30 June 2008
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		546,080	9,949
Other current assets		<u>9,512</u>	<u>245,000</u>
<b>TOTAL CURRENT ASSETS</b>		<u>555,592</u>	<u>254,949</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	6	2,196,255	2,196,255
Plant and equipment		15,119	77,153
Other non-current assets		<u>2,046,097</u>	<u>1,744,165</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,257,471</u>	<u>4,017,573</u>
<b>TOTAL ASSETS</b>		<u>4,813,063</u>	<u>4,272,522</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>384,753</u>	<u>522,126</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>384,753</u>	<u>522,126</u>
<b>TOTAL LIABILITIES</b>		<u>384,753</u>	<u>522,126</u>
<b>NET ASSETS</b>		<u>4,428,310</u>	<u>3,750,396</u>
<b>EQUITY</b>			
Share capital	7	11,282,685	9,671,912
Accumulated losses		<u>(6,854,375)</u>	<u>(5,921,516)</u>
<b>TOTAL EQUITY</b>		<u>4,428,310</u>	<u>3,750,396</u>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

		<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
		\$	\$
<b>TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR</b>		3,750,396	3,976,210
Share based payments	7	120,000	-
<b>Net income recognised directly in equity</b>		120,000	-
<b>Loss for the half-year</b>		(932,859)	(1,896,732)
<b>Total recognised income and expense for the period</b>		(812,859)	(1,896,732)
<b>Transactions with equity holders in their capacity as equity holders:</b>			
Contributions of equity net of transaction costs	7	1,490,773	2,628,991
<b>TOTAL EQUITY AT THE END OF THE HALF-YEAR</b>		4,428,310	4,708,469

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	14,987	25,000
Payments to suppliers and employees	(657,560)	(2,158,231)
Interest received	1,680	26,397
Interest paid	(3,749)	-
<b>Net cash used in operating activities</b>	<b>(644,642)</b>	<b>(2,106,834)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	-	(16,387)
Loans to Related Entities	(550,000)	(1,220,255)
Proceeds from disposal of investments (held in trust at 30 June 2008)	240,000	-
<b>Net cash used in investing activities</b>	<b>(310,000)</b>	<b>(1,236,642)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue net of transaction costs	1,490,773	2,628,991
<b>Net cash provided by financing activities</b>	<b>1,490,773</b>	<b>2,628,991</b>
 <b>Increase/(Decrease) in cash and cash equivalents</b>	 536,131	 (714,485)
Cash and cash equivalents at beginning of half year	9,949	1,313,960
<b>Cash and cash equivalents at end of the half-year</b>	<b>546,080</b>	<b>599,475</b>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR  
FINANCIAL REPORT**

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by ATF Group (PDF) Limited and controlled entities during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

**(a) Basis of preparation of the half-year financial report**

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

**(b) Summary of the significant accounting policies**

The half-year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2008.

**(c) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all the entities, which ATF Group (PDF) Limited controlled from time to time during the period and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

**NOTE 2: GOING CONCERN**

The company has incurred substantial losses to date. In order for the company to continue trading it is reliant on the following types of funding:

- Raising funds from existing and/or new shareholders;
- Generating cash inflows from its trading operations;
- Generating cash inflows from sales of its investments.

Without such continued financial support, there is uncertainty as to whether the company will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Since 31 December 2008, the company has raised additional capital funding of \$500,000 and there are sufficient cash reserves to enable the company to undertake its business plan for the next 12 months. Therefore, the Directors believe that the company will be successful in obtaining further funding if and when required and have prepared the financial report on a going concern basis.

**ATF GROUP (PDF) LIMITED  
AND CONTROLLED ENTITIES  
ABN: 80 106 213 772**

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

**NOTE 3: AFTER BALANCE DATE EVENTS**

As part of Evivar's partnership with Abbott Molecular, they have advised the launch of their testing system in Europe and the USA will occur over the March/April 2009 period.

Additionally negotiations have also commenced with other global diagnostic companies.

Evivar's negotiations with the largest US based clinical laboratory network and Advanced Biological Laboratories SA have also progressed very positively.

The group received further subscription funds totalling \$500,000 in early 2009. The funding, subscribed by a private investor, is a major boost for the group's working capital resources, a welcome show of support for your Board and another demonstration of the belief of investors in the commercial potential of the SeqHepB database intellectual property.

**NOTE 4: DIVIDENDS**

No dividend was declared by the Directors.

**NOTE 5: CONTINGENT LIABILITIES**

There have been no changes in contingent liabilities since 30 June 2008.

**NOTE 6: OTHER FINANCIAL ASSETS**

	<b>31 Dec 2008</b>	<b>30 June 2008</b>
	<b>\$</b>	<b>\$</b>
NON CURRENT		
Shares in unlisted companies - at cost	<u>2,196,255</u>	<u>2,196,255</u>
<i>Represented by:</i>		
Evivar Medical Pty Ltd	2,051,025	2,051,025
Hunter Immunology Pty Ltd	<u>145,230</u>	<u>145,230</u>
	<u>2,196,255</u>	<u>2,196,255</u>

**NOTE 7: SHARE CAPITAL**

	<b>31 December 2008</b>		<b>30 June 2008</b>	
	<b>No. of Shares</b>	<b>\$</b>	<b>No. of Shares</b>	<b>\$</b>
<b>(a) Shares on issue - Ordinary shares</b>	91,145,925	11,162,685	84,045,925	9,671,912
<b>(b) Movement in shares on issue - Ordinary shares</b>				
Opening balance	84,045,925	9,671,912	69,871,375	6,948,190
Issue of ordinary shares	7,500,000	1,500,000	7,494,150	2,834,510
Share based payments	600,000	120,000		
Options Converted	-	-	6,680,400	-
Less: transaction costs	-	(9,227)	-	(110,788)
Closing balance	<u>92,145,925</u>	<u>11,282,685</u>	<u>84,045,925</u>	<u>9,671,912</u>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

**NOTE 8: SIGNIFICANT ITEMS**

At 31 December 2008, the company is owed \$243,558 from former directors and former director-related parties. Recovery of the amounts due is currently being sought. Given uncertainty as to timing and quantum of the amount ultimately recoverable by the company, the directors believe it prudent for a provision for non-recovery of \$243,558 to be recorded in the period.

**ATF GROUP (PDF) LIMITED  
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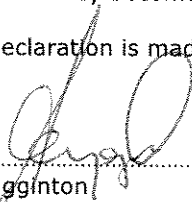
**DIRECTORS' DECLARATION**

The directors declare that the financial statements and notes set out on pages 7 to 13 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the entity as at 31 December 2008 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that ATF Group (PDF) Limited and controlled entities will be able to pay its debts as and when they become due and payable.

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

  
.....  
J A Wigginton  
Director  
Melbourne  
13 March 2009



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES  
ABN: 80 106 213 772**

We have reviewed the accompanying half-year financial report of ATF Group (PDF) Limited and controlled entities, which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of ATF Group (PDF) Limited are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ATF Group (PDF) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITIES  
ABN: 80 106 213 772**

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ATF Group (PDF) Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.



PITCHER PARTNERS  
Melbourne



M W PRINGLE  
13 March 2009