

ATF GROUP (PDF) LIMITED

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

This half-year financial report is to be read in
conjunction with the financial report
for the year ended 30 June 2006.

ATF GROUP (PDF) LIMITED
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2006

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ATF GROUP (PDF) LIMITED

DIRECTORS' REPORT

The director presents their report together with the condensed financial report of ATF Group (PDF) Limited for the half-year ended 31 December 2006 and independent audit report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors Names

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

Name	Period of directorship
Sean Magee	Appointed 5 September 2003
Jennifer Page	Appointed 8 May 2006
Jim McLauchlan	Appointed 14 February 2006 and resigned 3 August 2007
J A Wigginton	Appointed 28 May 2007 and resigned 3 August 2007
Keith Walter Witney	Appointed 3 August 2007
Christopher Edgar Cuffe	Appointed 3 August 2007
Shane Barr	Appointed 3 August 2007

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

Review of Operations

The loss of the company for the half-year after providing for income tax amounted to \$656,453.

During the period the company acquired shares in Medcina Pty Limited for a consideration of \$150,000. This investment was permitted in accordance with the company's Product Disclosure Statement dated 3 November 2005.

The Company issued ordinary shares totalling 2,550,000 during the period raising \$734,715 net of transaction costs.

After Balance Date Events

Since balance date to the date of this report, the company raised \$2,167,500 through the issue of 10,837,500 ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state affairs of the company in future financial years.

ATF GROUP (PDF) LIMITED

DIRECTORS' REPORT

Auditor's Declaration

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

Signed in accordance with a resolution of the director:

Director

Dated this 23 day of August 2007



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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

ATF GROUP (PDF) LIMITED AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of ATF Group (PDF) Limited

In relation to the independent audit for the six months to 31 December 2006, 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


MARK GODLEWSKI

PITCHER PARTNERS
Sydney

23 August 2007

ATF GROUP (PDF) LIMITED

**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	31 Dec 2006	31 Dec 2005 (Unaudited)
	\$	\$
Revenue		
Sales revenue	161,271	-
Other income	<u>20,896</u>	<u>9,305</u>
	<u>182,167</u>	<u>9,305</u>
Management fees	603,290	214,166
Depreciation and amortisation	10,942	-
Professional fees	89,484	206,862
Travel expenses	61,587	62,683
Other expenses	<u>73,317</u>	<u>101,543</u>
	<u>838,620</u>	<u>585,254</u>
Loss before income tax	(656,453)	(575,949)
Income tax expense	<u>-</u>	<u>-</u>
Loss from operations	<u>(656,453)</u>	<u>(575,949)</u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	31 Dec 2006 \$	30 June 2006 \$
CURRENT ASSETS			
Cash and cash equivalents		650,429	1,172,988
Other current assets		<u>210,694</u>	<u>109,106</u>
TOTAL CURRENT ASSETS		<u>861,123</u>	<u>1,282,094</u>
NON-CURRENT ASSETS			
Other financial assets	5	2,713,754	2,561,070
Property, plant and equipment		100,485	93,921
Other non-current assets		<u>27,073</u>	<u>27,073</u>
TOTAL NON-CURRENT ASSETS		<u>2,841,312</u>	<u>2,682,064</u>
TOTAL ASSETS		<u>3,702,435</u>	<u>3,964,158</u>
CURRENT LIABILITIES			
Trade and other payables		5,500	46,646
Other current liabilities		<u>120,584</u>	<u>419,423</u>
TOTAL CURRENT LIABILITIES		<u>126,084</u>	<u>466,069</u>
TOTAL LIABILITIES		<u>126,084</u>	<u>466,069</u>
NET ASSETS		<u>3,576,351</u>	<u>3,498,089</u>
EQUITY			
Share capital	6	5,505,585	4,770,870
Accumulated losses		<u>(1,929,234)</u>	<u>(1,272,781)</u>
TOTAL EQUITY		<u>3,576,351</u>	<u>3,498,089</u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	31 Dec 2006	31 Dec 2005 (Unaudited)
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	<u>3,498,089</u>	<u>100</u>
Loss for the half-year	<u>(656,453)</u>	<u>(575,949)</u>
Total recognised income and expense for the period	<u>(656,453)</u>	<u>(575,949)</u>
Attributable to:		
Members of the parent	<u>(656,453)</u>	<u>(575,949)</u>
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity net of transaction costs	<u>734,715</u>	<u>5,144,300</u>
TOTAL EQUITY AT THE END OF THE HALF-YEAR	<u><u>3,576,351</u></u>	<u><u>4,568,451</u></u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	31 Dec	31 Dec
	2006	2005
		(Unaudited)
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	25,000	-
Payments to suppliers and employees	(1,133,281)	(498,575)
Interest received	20,896	9,305
Net cash used in operating activities	<u>(1,087,385)</u>	<u>(489,270)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(17,505)	(1,619)
Payment for investments	(152,384)	(200,000)
Net cash used in investing activities	<u>(169,889)</u>	<u>(201,619)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue net of transaction costs	734,715	5,144,300
Net cash provided by financing activities	<u>734,715</u>	<u>5,144,300</u>
Net increase/(decrease) in cash and cash equivalents	(522,559)	4,453,411
Cash and cash equivalents at beginning of half year	1,172,988	100
Cash and cash equivalents at end of the half-year	<u>650,429</u>	<u>4,453,511</u>

The accompanying notes form part of these financial statements.

ATF GROUP (PDF) LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2006

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 2006 and any public announcements made by ATF Group (PDF) Limited during the half-year in accordance with any disclosure obligations arising under the Corporations Act 2001.

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

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

The financial report is for the entity as an individual entity. ATF Group (PDF) Limited is a company limited by shares, incorporated and domiciled in Australia and is a registered pooled development fund,

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

(b) Summary of the significant accounting policies:

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

NOTE 2: GOING CONCERN

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

- Raising funds from existing shareholders;
- Raising funds from new shareholders through Initial Prospectus Offers;
- Generating cash inflows from its trading operations.

As such 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.

ATF GROUP (PDF) LIMITED

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2006**

NOTE 3: AFTER BALANCE DATE EVENTS

Since balance date to the date of this report, the company raised \$2,167,500 through the issue of 10,837,500 ordinary shares. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state affairs of the company in future financial years.

NOTE 4: DIVIDENDS PAID AND PROPOSED

No dividend was declared by the Directors.

NOTE 5: OTHER FINANCIAL ASSETS

	31 Dec	30 June
	2006	2006
	\$	\$
NON CURRENT		
Shares in unlisted companies – at cost	<u>2,713,454</u>	<u>2,561,070</u>
<i>Represented by:</i>		
Evivar Medical Pty Ltd	2,051,025	2,048,339
Hunter Immunology Pty Ltd	512,727	512,727
Medcina Pty Ltd	150,000	2
Medcina Group Pty Ltd	<u>2</u>	<u>2</u>
	<u>2,713,754</u>	<u>2,561,070</u>

Impairment

The company assesses 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. No impairment has been recognised in respect of investments in the unlisted entities for the period ended 31 December 2006, as the unlisted entities are recently incorporated and are in the early stages of commercial development. Accordingly there is an inherent uncertainty associated with the carrying value of these entities.

ATF GROUP (PDF) LIMITED

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2006**

NOTE 6: SHARE CAPITAL

	31 December 2006		30 June 2006	
	No. of Shares	\$	No. of Shares	\$
(a) Shares on issue				
<i>Ordinary shares</i>	62,433,875	5,505,585	59,883,875	4,770,870
(b) Movement in shares on issue				
<i>Ordinary shares</i>				
Opening balance	59,883,875	4,770,870	100	100
Issue of ordinary shares	2,550,000	785,000	59,883,775	5,310,400
Less: transaction costs	-	(50,285)	-	(539,630)
Closing balance	62,433,875	5,505,585	59,883,875	4,770,870

NOTE 7: CONTINGENT LIABILITIES

There are no contingent liabilities since 31 December 2006.

NOTE 8: RELATED PARTY TRANSACTIONS

Transactions with key management personnel of the company and their related entities:

An amount of \$603,290 was paid to Australian Technology Fund Management Limited for the services of Sean Magee, Jennifer Page, Jim McLauchlan, J.A Wigginton and other sundry services. The fee was in accordance with a Management Service Agreement commencing on 1 July 2005. An amount of \$9,399 was outstanding at balance date.

Sean Magee and Jennifer Page are both directors of Evivar Medical Pty Ltd and Medcina Pty Ltd.

Evivar Medical Pty Limited

The company provided consulting services to Evivar Medical Pty Limited totalling \$135,116 during the period. An amount totalling \$111,552 was receivable at 30 June 2007 and is included in other current assets. In addition the company also pays expenses on behalf of Evivar Medical Pty Limited. These expenses are recharged on an arms length basis.

Medcina Pty Limited

The company provided consulting services to Medcina Pty Limited totalling \$26,154 during the period. An amount totalling \$55,765 was receivable at 30 June 2007 and is included in other current assets. In addition the company also pays expenses on behalf of Medcina Pty Limited. These expenses are recharged on an arms length basis.

ATF GROUP (PDF) LIMITED

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 5 to 12 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 company as at 31 December 2006 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 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.



SEAN MAGEE
Director

Sydney
23 August 2007



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D G YOUNG

CONSULTANTS:
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P S ROWE

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

Scope

We have audited the financial report of ATF Group (PDF) Limited for the financial half year ended 31 December 2006 comprising the Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualification

The financial report for the half year ended 31 December 2005 has not been audited. Accordingly we are not in a position to and do not express an opinion on the comparatives for 31 December 2005. As a result of this limitation of scope, we are unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for the half year ended 31 December 2006.

Qualified Audit Opinion

In our opinion, except for the effects, if any, on the financial statements of the matter referred to in the qualification paragraph, in our opinion, the financial report of ATF Group (PDF) Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the financial half year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory professional requirements in Australia.

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 an inherent uncertainty whether the company 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.

In particular included in the balance of Other Financial Assets (Note 5) are the following investments made by the company:

- Evivar Medical Pty Limited - \$2,051,025;
- Hunter Immunology Pty Limited - \$512,727; and
- Medcina Pty Limited - \$150,000.

No impairment has been recognised in respect of investments in the unlisted entities for the six months ended 31 December 2006, as the unlisted entities are recently incorporated and are in the early stages of commercial development. Accordingly there is an inherent uncertainty associated with the recoverability of the carrying value of these investments.

Pitcher Partners

PITCHER PARTNERS

Mark Godlewski

MARK GODLEWSKI

Partner

Sydney

23 August 2007