

## Appendix 4D

Half year report  
Period ending on 31 December 2007

**AMBRI LIMITED**  
ABN 60 079 201 835

### 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change	%Change		\$A,000
Revenues from ordinary activities	Down	100%	to	nil
Financial Income	Down	11%	to	151
Loss from ordinary activities after tax attributable to members	Up	-	to	(457)
Net Loss attributable to members	Up	-	to	(457)
Dividends (distributions)	It is not proposed to pay a dividend			
<b>Commentary on results</b>				
The following items impacted the <i>Loss from ordinary activities after tax attributable to members</i> :				
<ul style="list-style-type: none"><li>• Significant reduction in R&amp;D expenditure to \$71,907 from \$684,065 in the prior period</li><li>• Significant reductions in occupancy and administrative expenses.</li><li>• In the prior period, impairment of goodwill on acquisition of subsidiary \$839,536 was recorded.</li></ul>				

### 2. REPORTING PERIOD

The financial information contained in this report is for the **six month period ended 31 December 2007**. This Appendix 4D report should be read in conjunction with Ambri Limited's annual report for the twelve months to 30 June 2007 which is available from Ambri's website at [www.ambri.com](http://www.ambri.com), and the 31 December 2007 interim financial report.

**3. NET TANGIBLE ASSET BACKING PER SHARE**

	31 Dec 2007	31 Dec 2006
Net Tangible asset backing per ordinary share	1.93 cents	2.52 cents

**4. CHANGES IN CONTROL OVER GROUP ENTITIES**

Nil.

**5. DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS**

During the half-year 31 December 2007 no dividends were either paid or proposed. The company does not operate a dividend reinvestment plan.

**6. ASSOCIATES AND JOINT VENTURES**

During the half-year the Company did not hold any interests in associates or joint ventures.

**7. UNAUDITED FINANCIAL INFORMATION**

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2007 has been reviewed by the Company's auditors.

The Company is not aware of any matters associated with the financial report for the half-year ended 31 December 2007 that are likely to be subject to dispute or qualification by the Company's auditors.

.....  
Angus Craig  
Company Secretary  
1 February 2008

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Ambri Limited  
and its controlled entities

31 December 2007  
Interim financial report

## Contents

## Page

<b>Directors' report</b>	2
<b>Consolidated interim income statement</b>	4
<b>Consolidated interim statement of recognised income and expense</b>	5
<b>Consolidated interim balance sheet</b>	6
<b>Consolidated interim statement of cash flows</b>	7
<b>Notes to the consolidated interim financial report</b>	8
<b>Directors' declaration</b>	13
<b>Review report</b>	14
<b>Lead auditor's independence declaration</b>	16

## Ambri Limited and its controlled entities

### Directors' report

For the six months ended 31 December 2007

The directors present their report together with the consolidated financial report for the six months ended 31 December 2007 and the review report thereon.

#### Directors

The directors of the Company at any time during or since the end of the interim period are:

<b>Name</b>	<b>Period of directorship</b>
<b>Non-executive</b>	
James Brett Lochran Heading Chairman and Independent Non-Executive Director	Appointed 10 November 2006. Chairman since 15 December 2006.
Dr Ian Nisbet Independent Non-Executive Director	Appointed 15 December 2006.
Mr Timothy Brown Independent Non-Executive Director	Appointed 21 August 2007.
Dr Mitchell Martin Rosenberg Independent Non-Executive Director	Appointed 20 December 2006. Resigned 21 August 2007.

#### Review of operations

In the six months ended 31 December 2007 Ambri continued with its strategy to diversify the business. QIC (Queensland Investment Corporation) a leading Australian financial institution is a major shareholder (13.6%) and the cornerstone investor for the consolidated entity's expansion plans. Merger & Acquisition and investment opportunities were identified and negotiations initiated. That process is ongoing.

As previously reported the Company has shut down its in-house R&D effort, and is seeking a technical partnership arrangement to progress the commercialisation of the AMBRI technology. This strategy will enable the Company to retain an interest in its technologies while eliminating any further exposure to the risks and costs of commercialisation.

Whilst the Company's cash reserves at 31 December 2007 remain at approximately \$4.4 million, subject to the Company's success with its diversification strategy and the characteristics of such acquisition targets, it may be necessary for the Company to raise additional funds.

## Ambri Limited and its controlled entities

### Directors' report (continued)

For the six months ended 31 December 2007

#### **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the six months ended 31 December 2007.

Dated at Brisbane this 1<sup>st</sup> day of February 2008.

Signed in accordance with a resolution of the directors:

J. B. L. Heading  
Chairman

## Ambri Limited and its controlled entities

### Consolidated interim income statement For the six months ended 31 December 2007

	<i>Note</i>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
		<b>\$</b>	<b>\$</b>
Revenue		-	101,977
Cost of sales		-	(17,695)
<b>Gross profit</b>		-	84,282
Other income		5,173	263,464
Research & development expenses		(71,907)	(684,065)
Occupancy expenses		(92,105)	(501,077)
Administrative expenses		(296,276)	(954,121)
Other expenses	6	(153,097)	(1,149,348)
<b>Results from operating activities</b>		<b>(608,212)</b>	<b>(2,940,865)</b>
<b>Financial income</b>		<b>151,166</b>	<b>170,184</b>
<b>Loss before income tax</b>		<b>(457,046)</b>	<b>(2,770,681)</b>
Income tax expense		-	-
<b>Loss for the period attributable to equity holders of the Company</b>		<b>(457,046)</b>	<b>(2,770,681)</b>
<b>Earnings per share</b>			
Basic loss per share (AUD)		(0.002)	(0.015)
Diluted loss per share (AUD)		(0.002)	(0.015)

The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 8 to 12.

## Ambri Limited and its controlled entities

### Consolidated interim statement of recognised income and expense For the six months ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
<b>Income and expense recognised directly in equity</b>	-	-
Loss for the period	(457,046)	(2,770,681)
<b>Total recognised income and expense for the period attributable to equity holders of the Company</b>	<b>(457,046)</b>	<b>(2,770,681)</b>

Other movements in equity arising from transactions with owners as owners are set out in note 9.

The statement of recognised income and expense is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 8 to 12.



## Ambri Limited and its controlled entities

### Consolidated interim balance sheet

As at 31 December 2007

	<i>Note</i>	<b>31 Dec 2007</b>	<b>30 June 2007</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents		4,406,006	4,917,590
Trade and other receivables		93,463	136,723
<b>Total current assets</b>		<b>4,499,469</b>	<b>5,054,313</b>
<b>Non-current assets</b>			
Property, plant and equipment		23,993	-
<b>Total non-current assets</b>		<b>23,993</b>	<b>-</b>
<b>Total assets</b>		<b>4,523,461</b>	<b>5,054,313</b>
<b>Current liabilities</b>			
Trade and other payables		276,092	349,926
Provisions		-	20,000
<b>Total current liabilities</b>		<b>276,092</b>	<b>369,926</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>276,092</b>	<b>369,926</b>
<b>Net assets</b>		<b>4,247,370</b>	<b>4,684,387</b>
<b>Equity</b>			
Share capital		100,265,999	100,257,520
Accumulated losses		(96,018,629)	(95,573,133)
<b>Total equity attributable to equity holders of the Company</b>	9.	<b>4,247,370</b>	<b>4,684,387</b>

The balance sheet is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 8 to 12.

## Ambri Limited and its controlled entities

### Consolidated interim statement of cash flows For the six months ended 31 December 2007

	Note	31 Dec 2007 \$	31 Dec 2006 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		2,051	142,175
Cash paid to suppliers and employees		(637,613)	(2,183,310)
Cash generated from operations		(635,562)	(2,041,135)
Interest received		131,166	170,139
<b>Net cash (used in) from operating activities</b>		<b>(504,396)</b>	<b>(1,870,996)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		18,122	244,768
Acquisition of subsidiary	8	-	796,986
Acquisition of property, plant and equipment		(25,310)	(2,245)
<b>Net cash (used in)/ from investing activities</b>		<b>(7,188)</b>	<b>1,039,509</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	9	-	761,250
<b>Net cash from (used in) financing activities</b>		<b>-</b>	<b>761,250</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(511,584)</b>	<b>(70,237)</b>
Cash and cash equivalents at 1 July		4,917,590	6,154,676
<b>Cash and cash equivalents at 31 December</b>		<b>4,406,006</b>	<b>6,084,439</b>

The statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 8 to 12.

## Ambri Limited and its controlled entities

### Notes to the consolidated interim financial report

1(a).

#### Reporting entity

Ambri Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at Level 11, 66 Eagle Street, Brisbane QLD 4000 or at [www.ambri.com](http://www.ambri.com).

1(b).

#### Basis of preparation

The Company is a technology development company integrating biotechnology, nanotechnology and electronics to create biosensors for medical and industrial applications. The major focus of the Company has been the development of a biosensor platform incorporating the Company's Ion Channel Switch (ICS) Technology as the basis of products for the human point-of-care diagnostic market. With the cessation of R&D work in December 2006 the focus shifted to the search for a suitable partner to license or acquire rights to its technology for the human professional medical diagnostics market with the intention of continuing its development and commercialisation. The consolidated entity is progressed in its efforts to find a collaborator to further develop its technology.

The consolidated entity has also been very active throughout the year searching for and analysing new business opportunities for AMBRI by way of merger or acquisition or investment.

The cash burn rate is being carefully controlled and cash resources at 31 December 2007 were \$4.4million.

The Directors consider that the Company has the opportunity to expand into a new business which, relative to the technology program, has lower risk. The financial impact arising from executing this potential new business strategy has not been taken into consideration in the preparation of the financial forecasts to the end of February 2009. Subject to the Company's success with its new business strategy and the characteristics thereof, it may be necessary for the Company to raise additional funds.

The Directors believe it is appropriate to prepare the interim financial report on a going concern basis as the Directors consider that based upon the financial forecasts to the end of February 2009, the consolidated entity has sufficient cash resources to pay all estimated liabilities and commitments. Should partnering or new business opportunities not be forthcoming, it is uncertain whether the Company will be able to continue as a going concern beyond February 2009. Although it is the Company's stated aim to continue to search for new business opportunities, there is no certainty about the timing and the financial impact of implementing such a strategy.

2.

#### Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007.

This consolidated interim financial report was approved by the Board of Directors on 1 February 2008.

## Ambri Limited and its controlled entities

### Notes to the consolidated interim financial report

#### 3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007.

#### 4. Estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

#### 5. Segment reporting

Ambri Limited and its controlled entities operate predominately within the medical diagnostics industry in Australia.

#### 6. Other Expenses

	Note	31 Dec 2007 \$	31 Dec 2006 \$
Impairment of goodwill arising on acquisition			
	8	-	839,536
Professional fees – merger & acquisition search and due diligence		67,864	178,594
Other		85,233	131,218
		<u>153,097</u>	<u>1,149,348</u>

#### 7. Other income

During the prior period, the consolidated entity disposed of a significant portion of its property, plant and equipment. The net gain amounting to \$237,191 on disposal of those assets is included in Other income.

#### 8. Acquisition of subsidiary

During the prior period, the Company acquired 100% of Glykoz Pty Limited. At acquisition date the net assets of Glykoz Pty Limited were \$829,964 and included cash of \$796,986. The Company issued 26,500,000 fully paid ordinary shares at an issue price of 6.3 cents per share or \$1,669,500 in total as consideration for this acquisition.

Glykoz Pty Limited is the holder of specified biotech patents which are licensed to a third party.

## Ambri Limited and its controlled entities

### Notes to the consolidated interim financial report

8.

#### Acquisition of subsidiary (continued)

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	Recognised values on acquisition \$	Fair value adjustments \$	Pre- acquisition carrying amounts \$
Cash and cash equivalents	796,986	-	796,986
Trade and other receivables	42,578	-	42,578
Trade and other payables	(9,600)	-	(9,600)
Net identifiable assets and liabilities	829,964	-	829,964
Goodwill on acquisition	839,536		
Consideration satisfied by the issue of shares	1,669,500		

An impairment loss of \$839,536, was allocated fully to goodwill on acquisition and was included in "Other Expenses" in the prior half-year since it was uncertain when licensing revenues would be received by Glykoz Pty Limited.

9.

#### Capital and reserves

Reconciliation of movements in equity

	Note	Share capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2006		97,785,276	(91,977,911)	5,807,365
Total recognised income and expense		-	(2,770,681)	(2,770,681)
Issue of ordinary shares				
- To Non-executive directors in lieu of fees		11,250	-	11,250
- Private placement (9,375,000 shares at a price of 8 cents each)		750,000	-	750,000
- As consideration for the acquisition of subsidiary (26,500,000 shares at a price of 6.3 cents each)	8	1,669,500	-	1,669,500
- As consideration for success fees relating to private placement (658,000 shares at a price of 5 cents each)		32,900	-	32,900
- As consideration for success fees to secure an acquisition of a business (3,000,000 shares at a price of 5 cents each)		150,000	-	150,000
Transaction costs arising from the issue of shares		(146,838)	-	(146,838)
Share-based payments (net of tax)		-	21,603	21,603
Balance at 31 December 2006		100,252,088	(94,726,989)	5,525,099
Balance at 1 July 2007		100,257,520	(95,573,133)	4,684,387
Total recognised income and expense		-	(457,046)	(457,046)
Issue of ordinary shares				
- To Non-executive directors in lieu of fees		8,479	-	8,479
Share-based payments (net of tax)		-	11,550	11,550
Balance at 31 December 2007		100,265,999	(96,018,629)	4,247,370

## Ambri Limited and its controlled entities

### Notes to the consolidated interim financial report

10.

#### Share-based payments

##### Executive Officer Share Plan

The Company has an Executive Officer Share Plan ("EOSP") under which directors may elect to be issued with shares in lieu of director's fees or other payments that would otherwise be payable in cash. The terms and conditions of the EOSP are disclosed in the consolidated financial report as at and for the year ended 30 June 2007. This EOSP was last approved by shareholders at the Company's Annual General Meeting held on 30 November 2007. During the period the following issues occurred under the EOSP:

Issue date	Number of ordinary shares	Issue Price	Amount Expensed
10 July 2007	158,334	\$0.03	\$4,750
4 September 2007	45,114	\$0.03	\$1,353
10 October 2007	79,166	\$0.03	\$2,375

##### Employee Share Option Plan

The Company adopted a new Employee Share Option Plan ("ESOP") at the Annual General Meeting of shareholders on 30 November 2007, replacing the previous employee option plan. Options issued under the ESOP expire on their expiry date or on termination of the employee's contract subject to a determination to the contrary by the Board. There are no voting or dividend rights attached to the options. Voting rights will be attached to the unissued ordinary shares when the options are exercised. The exercise price of the option is determined by the Board.

The terms of the grants made during the six months ended 31 December 2007 are as follows:

Grant date	Number of instruments	Exercise Price	Vesting conditions	Contractual life of options
All options were granted on 12 December 2007	2,650,000	\$0.04	Nil	1.95 years
	150,000	\$0.04	Remain employed until 31 August 2008	1.95 years
	500,000	\$0.04	Remain employed until 31 October 2008	1.95 years
	1,000,000	\$0.06	Remain employed until 12 December 2008	1.95 years

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## Ambri Limited and its controlled entities

### Notes to the consolidated interim financial report

10.

#### Share-based payments (continued)

Fair value of share options and assumptions:-

Fair value at grant date	\$0.003	\$0.001
Share price	\$0.025	\$0.025
Exercise price	\$0.040	\$0.060
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	65%	65%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	1.95 years (expiry 30 November 2009)	1.95 years (expiry 30 November 2009)
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	6.5%	6.5%

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2007.

11.

#### Related parties

##### Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments (see note 10).

In the six months to 31 December 2007, legal services were provided to the consolidated entity by McCullough Robertson, a law firm of which Mr Heading is a partner. Total fees paid or payable during the period were \$77,658. These purchases were on the same terms and conditions as those entered into by third parties.

## Ambri Limited Directors' declaration

In the opinion of the directors of Ambri Limited ("the Company"):

1. the financial statements and notes set out on pages 4 to 12, are 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 2007 and of its performance for the six months ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 1<sup>st</sup> day of February 2008.

Signed in accordance with a resolution of the directors:

J. B. L. Heading  
*Chairman*

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## Independent auditor's review report to the members of Ambri Limited

We have reviewed the accompanying interim financial report of Ambri Limited, which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes and the directors' declaration set out on pages 4 to 13 of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report 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 interim 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 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ambri Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ambri Limited 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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*Material uncertainty regarding continuation as a going concern*

Without qualification to our conclusion, attention is drawn to the following matter:

The consolidated entity reported a net loss of \$457,046 for the half-year ended 31 December 2007 and has accumulated losses of \$96,018,629 as at 31 December 2007. The consolidated entity has total equity of \$4,247,370 as at 31 December 2007.

As described in Note 1(b) 'Basis of preparation', the directors have prepared the interim financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In preparing the interim financial report the directors have considered the consolidated entity's financial forecasts which indicate that the consolidated entity should have sufficient cash resources to pay all estimated liabilities and commitments to the end of February 2009. The financial forecasts for this period have assumed that the consolidated entity's business will continue at the current level.

However, should the directors be unable to identify appropriate partnering or new business opportunities, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

KPMG

Simon Crane  
*Partner*

Brisbane, 1 February 2008

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***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Ambri Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Simon Crane  
*Partner*

Brisbane

1 February 2008

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