

APPENDIX 4D HALF YEAR REPORT

Tyrian Diagnostics Limited
(Formerly Proteome Systems Limited)

ACN 080 277 998

Current Reporting Period	Half Year ended 31 December 2008
Previous corresponding period	Half Year ended 31 December 2007

Results for announcement to the market				\$'000
Revenue from continuing activities	decreased	29%	To	527
Revenue and other income from continuing activities	increased	4%	to	1,006
(Loss) from continuing activities after tax attributable to members	decreased	9%	to	(3,264)
(Loss) for the period attributable to members	decreased	3%	to	(3,898)

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the interim dividend	N/A
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NTA Backing

	31 December 2008	31 December 2007
Net tangible asset backing per ordinary share	2.4 cents	3.0 cents

A Review of operations is included in the Directors' Report of the attached Half Year Report of Tyrian Diagnostics Limited and its controlled entities.

This Appendix 4D is based on Financial Reports which have been subject to review.

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**Tyrian Diagnostics Limited (formerly Proteome
Systems Limited) and its Controlled Entities**
Interim Financial Report – 31 December 2008
ACN 080 277 998

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Tyrian Diagnostics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Tyrian Diagnostics Limited and its controlled entities
Directors' report
For the half-year ended 31 December 2008

Your directors present their report on the consolidated entity consisting of Tyrian Diagnostics Limited (formerly Proteome Systems Limited) and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

Directors

The following persons were directors of Tyrian Diagnostics Limited during the whole of the half-year and up to the date of this report:

Roger Amos (Chairman)
Phillip Morley
Jenny Harry
Caroline Popper

Merilyn Sleigh was appointed a director on 28 November 2008 and continues in office at the date of this report.

John Martin was a director from the beginning of the financial year until his resignation on 28 November 2008.

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of:

- (a) biomarker validation for development of new diagnostic targets in the areas of respiratory and infectious disease;
- (b) commercialisation of intellectual property resulting from the development of proprietary technology, incorporating instruments, diagnostic platforms, and software for data analysis; and
- (c) manufacture of diagnostic tests and associated instruments.

Comments on the operations and the results of those operations are set out below.

REVIEW AND RESULTS OF OPERATIONS

Consolidated Results

Revenue and Other Income from continuing operations to 31 December 2008 was \$1,006,293 (\$965,874 to 31 December 2007). The net group loss after tax in the half-year to 31 December 2008 was \$3,898,334 (\$4,002,428 to 31 December 2007).

Cash Used in Operations

The Company's decision to cease operations in its therapeutics business, and its continued emphasis on streamlining the business, resulted in a further reduction in the level of operating expenditure incurred by the Group from the previous corresponding period. However, the closure of the therapeutics business and progression in the development stages of remaining projects resulted in the Group receiving less combined revenue from customers, collaboration partners and grants. Therefore, net cash outflows from operating activities increased from \$3,557,576 in the previous corresponding period to \$3,886,277 in the current half-year.

Operations Review

Diagnosics

- Development continued on a rapid antigen-based point-of-care diagnostic test for the detection of active tuberculosis using the company's biomarker discovery and diagnostic platforms. In July 2008 Tyrian Diagnostics successfully completed Milestone 3 in a product feasibility study co-funded by Becton Dickinson and Company. In January 2009, subsequent to the balance sheet date, Tyrian Diagnostics completed the 4th and final Milestone in this product feasibility study.

Tyrian Diagnostics Limited and its controlled entities
Directors' report continued
For the half-year ended 31 December 2008

- The Company sold its first batch of WheatRite™ kits to Bayer CropScience ('Bayer'). WheatRite is a wheat quality test previously developed by Tyrian Diagnostics using Bayer's test content. The Company also provided ongoing assistance to Bayer with the marketing of WheatRite, and commenced manufacturing a larger batch of WheatRite kits to Bayer for sale in several markets.
- The Company agreed to commence the development of a second point-of-need diagnostic product with Bayer. This second product will utilise Tyrian's DiagnostIQ™ test device and the test content will be provided by Bayer.
- In July 2008 the Company ceased development of a diagnostic test for prostate cancer. This decision was based on the results of the Company's Proof of Concept study, which demonstrated that the project did not satisfy the Company's internal assessment hurdles.

Therapeutics

- In August 2008 the Group ceased operations in its therapeutics business and is in the process of closing the Boston facilities. Activities previously performed by the Group for the Medical College of Wisconsin as a core scientific participant of a CMCR grant program have ceased, with responsibility for these activities being transferred to University of Boston.

Employees

As at the date of this report the consolidated entity has 25 employees (2007:40 employees). As at 31 December 2008, the consolidated entity had 33 employees (2007: 41 employees).

Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole, with the sub-committee further examining the issue and reporting back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.
- a management committee that regularly reviews the Group's risk management, compliance and control systems and provides written reports to the Board.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company and the Group during the financial year were as follows:

Tyrian Diagnostics Limited and its controlled entities
Directors' report continued
For the half-year ended 31 December 2008

- In August 2008 the Company raised \$2.43 million (after related costs) through the issue of 23,809,524 fully paid ordinary shares via a private placement to institutional and professional investors at a price of \$0.105 per share.
- In November 2008, following approval by shareholders at the Company's 2008 Annual General Meeting, the Company changed its name to Tyrian Diagnostics Limited from Proteome Systems Limited.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than the matter listed below, no matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect:

- (a) the Consolidated Entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Consolidated Entity's state of affairs in future financial years.

In January 2009 the Company announced that the Group was undertaking an organisational restructure, which involved the redundancy of a number of staff. The costs of approximately \$284,000 associated with this restructure have not been recognised in the 31 December 2008 operating results of the Consolidated Entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Roger Amos
Chairman

Sydney
27 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of Tyrian Diagnostics Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tyrian Diagnostics Limited and the entities it controlled during the period.



Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
27 February 2009

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Tyrian Diagnostics Limited and its controlled entities
Income statement
For the half-year ended 31 December 2008

	Half-year 2008 \$	2007 \$ Restated*
Revenue from continuing operations	526,705	737,857
Other income	479,588	228,017
Cost of goods sold	(8,416)	(136,758)
Employment costs	(2,228,450)	(2,177,291)
Occupancy Costs	(575,148)	(575,107)
Corporate & administration expenses	(741,474)	(854,571)
External research supplies & services	(507,527)	(380,960)
Impairment of property, plant & equipment	(1,482)	-
Write back impairment on inventory	6,688	44,142
Depreciation and amortisation expenses	(151,151)	(265,899)
Finance costs	(13,951)	(13,052)
Patent costs	(183,749)	(197,579)
Foreign exchange losses	-	(7,623)
Release of warranty provision	-	21,000
Write back of creditor no longer payable	181,901	-
Other expenses	(16,461)	(5,855)
	<hr/>	<hr/>
Loss before income tax	(3,232,927)	(3,583,679)
Income tax expense	(30,623)	-
	<hr/>	<hr/>
Loss from continuing operations	(3,263,550)	(3,583,679)
Loss from discontinued operations	(634,784)	(418,749)
	<hr/>	<hr/>
Loss attributable to members of Tyrian Diagnostics Limited and Controlled Entities	<u>(3,898,334)</u>	<u>(4,002,428)</u>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	(1.4)	(2.2)
Diluted earnings per share	(1.4)	(2.2)
Earnings per share for loss attributable to the ordinary equity holders of the company:		
Basic earnings per share	(1.6)	(2.4)
Diluted earnings per share	(1.6)	(2.4)

*The 31 December 2007 income statement has been restated for the effect of the closure of the Group's Boston offices (refer note 6).

The above consolidated income statement should be read in conjunction with the accompanying notes.

Tyrian Diagnostics Limited and its controlled entities
Consolidated balance sheet
For the half-year ended 31 December 2008

	31 December 2008 \$	30 June 2008 \$
ASSETS		
Current assets		
Cash and cash equivalents	6,628,366	7,999,857
Trade and other receivables	271,748	373,172
Inventories	9,742	-
Other assets	187,755	291,211
Non-current assets classified as held for sale	14,434	-
Total current assets	7,112,045	8,664,240
Non-current assets		
Other financial assets	278,581	244,225
Property, plant and equipment	630,104	834,945
Intangible assets	21,004	23,627
Total non-current assets	929,689	1,102,797
Total assets	8,041,734	9,767,037
LIABILITIES		
Current liabilities		
Trade and other payables	636,751	1,194,804
Borrowings	21,578	68,365
Provisions	604,103	-
Deferred revenue	626,934	348,216
Total current liabilities	1,889,366	1,611,385
Non-current liabilities		
Borrowings	-	2,665
Provisions	94,370	400,872
Deferred revenue	168,405	198,129
Total non-current liabilities	262,775	601,666
Total liabilities	2,152,141	2,213,051
Net assets	5,889,593	7,553,986
EQUITY		
Contributed equity	115,464,260	113,034,343
Reserves	3,431,340	3,627,316
Accumulated losses	(113,006,007)	(109,107,673)
Parent entity interest	5,889,593	7,553,986

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Tyrian Diagnostics Limited and its controlled entities
Statement of changes in equity
For the half-year ended 31 December 2008

	Half-year 2008	2007
	\$	\$
Total equity at the beginning of the half-year	<u>7,553,986</u>	<u>3,332,532</u>
Exchange differences on translation of foreign operations	(324,843)	(11,275)
Net income/loss recognised directly in equity	<u>(324,843)</u>	<u>(11,275)</u>
Loss for the half-year	<u>(3,898,334)</u>	<u>(4,002,428)</u>
Total recognised income and expense for the half-year	<u>(4,223,177)</u>	<u>(4,013,703)</u>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	(35,872)	37,515
Employee performance rights	164,739	373,500
Contributions of equity, net of transaction costs	<u>2,429,917</u>	<u>5,644,066</u>
	<u>2,558,784</u>	<u>6,055,081</u>
Total equity at the end of the half-year	<u>5,889,593</u>	<u>5,373,910</u>
Total recognised income and expense for the half-year is attributable to:		
Members of Tyrian Diagnostics Limited and Controlled Entities	<u>(4,223,177)</u>	<u>(4,013,703)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Tyrian Diagnostics Limited and its controlled entities
Consolidated cash flow statement
For the half-year ended 31 December 2008

	Half-year 2008 \$	2007 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	855,949	1,423,131
Payments to suppliers and employees (inclusive of goods and services tax)	(4,979,435)	(5,071,812)
	<u>(4,123,486)</u>	<u>(3,648,681)</u>
Interest received	271,486	99,054
Interest paid	(24,975)	(7,949)
Income taxes paid	(9,302)	-
Net cash outflow from operating activities	<u>(3,886,277)</u>	<u>(3,557,576)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(10,814)	(46,076)
Payments for other non-current assets	(5,960)	-
Proceeds from disposal of physical, non-current assets	1,500	-
Proceeds from disposal of investments	34,621	300,247
Net cash inflow from investing activities	<u>19,347</u>	<u>254,171</u>
Cash flows from financing activities		
Proceeds from issues of shares	2,500,000	5,743,500
Share issue transaction costs	(70,083)	(99,563)
Repayment of borrowings	(50,451)	(97,231)
Repayment of finance leases	(9,046)	(9,359)
Net cash inflow from financing activities	<u>2,370,420</u>	<u>5,537,347</u>
Net increase (decrease) in cash and cash equivalents	(1,496,510)	2,233,942
Cash and cash equivalents at the beginning of the half-year	7,999,857	3,188,107
Effects of exchange rate charges on cash and cash equivalents	125,019	(2,881)
Cash and cash equivalents at end of the half-year	<u>6,628,366</u>	<u>5,419,168</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Tyrian Diagnostics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

Comparative information has been reclassified where appropriate to ensure comparability with the current reporting period.

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

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going Concern

During the period ended 31 December 2008 the consolidated entity incurred a loss from continuing operations before tax of \$3,232,927 (2007: \$3,583,679) and net cash outflows from operating activities of \$3,886,277 (2007: \$3,557,576). The ability of the Consolidated Entity and Company to continue as a going concern and to meet their debts and commitments as and when they fall due is subject to significant uncertainty, and is dependent upon some or all of the following:

- (i) revenues being generated from current and prospective programmes for the development of diagnostic products;
- (ii) proceeds received from the potential sale or licensing of assets, including intellectual property;
- (iii) close and effective monitoring of the Consolidated Entity's cash flows, including the Consolidated Entity's ability to undertake appropriate cost saving initiatives if revenue milestones are not achieved; and
- (iv) the Company being successful in raising funds from its existing shareholders, new investors or from other funding sources.

The directors are confident the Consolidated Entity and Company will continue as a going concern for a period of 12 months from the date of the Financial Report in anticipation that the Company will secure revenues and/or achieve reductions in outflows from some or all of the measures mentioned above, and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial statements. The financial statements have therefore been prepared on a going concern basis.

No adjustments have been made relating to the recoverability or classification of recorded assets and liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

(b) Seasonality of Operations

Fluctuations in revenue generated by the Group between accounting periods are driven by changes in the life cycle of the individual projects being undertaken by the Group at any point in time. These fluctuations do not follow a seasonal or chronological cycle, and are typical of companies whose activities are primarily scientific research and development and early stage product commercialisation.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tyrian Diagnostics Limited ("company" or "parent entity") as at 31 December 2008 and the results of all subsidiaries for the half-year then ended. Tyrian Diagnostics Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2008:

- AASB 8 *Operating Segments*
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

This includes applying the revised pronouncements to the comparatives in accordance with transitional provisions of AASB 8 *Operating Segments*.

2 Segment reporting

The Group has applied AASB 8 *Operating Segments* from 1 July 2008. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting to key decision makers to evaluate segment performance and decide how to allocate resources to segments. This has resulted in the company being considered as one reportable segment, as the previously reported therapeutics/diagnostics and technology segments are not considered as discrete, separate business segments under the 'management approach'.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the chief executive officer.

During the period ended 31 December 2008 the Group derived 85% of its revenue from continuing operations from transactions with 3 customers, each of which constituted at least 10% of revenue from continuing operations (2007: 85% from 4 customers).

3 Loss for the half-year

	Half-year	
	2008	2007
	\$	\$
Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:		
Expenses		
Share based payments	(128,867)	(411,015)
Provision for closure of US operating facility	(247,543)	-
Write back impairment on inventory	6,938	50,136
Write back of creditor no longer payable	181,901	-
Income		
Reversal of foreign currency translation reserve	314,508	-
Gain on sale of investment	34,621	203,247

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Tyrian Diagnostics Limited and its controlled entities
Notes to the financial statements continued
31 December 2008

4 Contributed equity

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
01.01.08	Opening balance	180,376,154		106,714,464
18.01.08	Share issue – PRSP	385,000	0.00	-
06.03.08	Share issue – Placement	21,666,665	0.15	3,250,000
29.04.08	Share issue - Placement	21,666,668	0.15	3,250,000
25.06.08	Share issue – PRSP	131,250	0.00	-
various	Capital raising costs, net of tax	n/a	n/a	(279,555)
Balance as at 30 June 2008		224,225,737		113,034,343
27.08.08	Share issue – Placement	7,142,857	0.105	750,000
28.08.08	Share issue - Placement	16,666,667	0.105	1,750,000
16.12.08	Share issue – PRSP	718,750	0.00	-
various	Capital raising costs, net of tax	n/a	n/a	(70,083)
Balance as at 31 December 2008		248,754,011		115,464,260

5 Contingent liabilities

(a) Guarantees

The Consolidated Entity had contingent liabilities at 31 December 2008 in the form of Guarantees given in respect of leased assets and leases for operating premises. The guarantees amounted to \$300,159 (2007: \$302,809), and were secured over deposits held as security by the lessors.

The guarantee given in respect of leased assets amount to \$21,578 (2007: \$33,374), representing the outstanding lease liability as disclosed in the consolidated balance sheet of this report. The Group expects to meet all such lease obligations in full, and does not expect to make any additional payment under the guarantee.

The guarantees given in respect of leases for operating premises amount to \$278,581 (2007: \$269,435), and are covered by two separate deposits. The Group expects to continue to meet all payment obligations required by the lease agreement governing its Sydney operating premises, and does not expect to make any payment under the guarantees. Further, at the expiration of this lease agreement, the Group expects the deposit held in respect of the lease to be released and made available to the Group. The Group expects to make an advance payment to settle in full all payment obligations required by the lease agreement governing the Woburn operating premises. Upon making this payment, the Group expects the landlord to release the deposit in respect of this lease, making it available to the Group.

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(b) Additional consideration for Eukarion Inc.

In December 2004 the Company agreed to acquire Eukarion Inc. by way of subsidiary merger. Under the terms of the merger, Tyrian Diagnostics agreed to pay certain contingent consideration on the achievement of certain clinical development and revenue milestones. The Eukarion stockholders are entitled to receive a tranche of Tyrian Diagnostics shares (to the value of US\$7.25 million) on the successful completion of Phase II clinical trials of a product containing a Eukarion compound. They are also entitled to be issued with further shares (to a maximum value of US\$15 million) depending on the revenue generated through licensing or sale of Eukarion products or intellectual property. These transactions are subject to Tyrian Diagnostics' shareholder approval in accordance with the ASX Listing Rules.

The Company does not consider it probable that the above milestones will be met within the required timeframes and as such has not recognised the financial effect of these in the financial statements.

6 Discontinued operation

(a) Description

In August 2008 Tyrian Diagnostics Limited announced its intention to cease active efforts to develop and commercialise its portfolio of therapeutic compounds and close the operations in the Group's Boston office operated by a wholly-owned subsidiary, Proteome Systems Inc. In September 2008 the Group ceased all research activities and all Proteome Systems Inc staff were terminated. The Group is still in the process of closing down the operating premises in Boston, and at 31 December 2008 has raised a provision of \$247,543 for the estimated cost of completing this process.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 31 December 2008.

	Half-year	
	2008	2007
	\$	\$
Operating results		
Revenue and other income	78,295	585,629
Operating expenses	(465,536)	(1,003,043)
Operating loss before income tax	(387,241)	(417,414)
Income tax expense	-	(1,335)
Operating loss after income tax of discontinued operations	(387,241)	(418,749)
Provision for closure of operations	(247,543)	-
Loss from discontinued operations	(634,784)	(418,749)
Cash flow		
Net cash outflow from ordinary activities	(243,597)	(250,347)
Net cash outflow from investing activities	-	(28,745)
Net cash outflow from financing activities (excludes cash received from parent entity)	(14,519)	(17,580)
Net decrease in cash incurred by discontinued operations	(258,116)	(296,672)

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6 Discontinued operation (continued)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities included in the 31 December 2008 consolidated financial statements are as follows:

	31 December 2008	30 June 2008
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	12,877	69,333
Trade and other receivables	9,552	86,719
Other assets	19,609	22,273
Non-current assets classified as held for sale	14,434	-
Total current assets	<u>56,472</u>	<u>178,325</u>
Non-current assets		
Other financial assets	122,576	88,220
Property, plant and equipment	-	80,318
Intangible assets	801	872
Total non-current assets	<u>123,377</u>	<u>169,410</u>
Total assets	<u>179,849</u>	<u>347,735</u>
LIABILITIES		
Current liabilities		
Trade and other payables	13,960	45,204
Borrowings	21,578	24,024
Provisions	294,457	-
Other	-	866
Total current liabilities	<u>329,995</u>	<u>70,094</u>
Non-current liabilities		
Borrowings	-	2,665
Total non-current liabilities	<u>-</u>	<u>2,665</u>
Total liabilities	<u>329,995</u>	<u>72,759</u>

7 Events occurring after the balance sheet date

In January 2009 the Company announced that the Group was undertaking an organisational restructure, which involved the redundancy of a number of staff. The costs of approximately \$284,000 associated with this restructure have not been recognised in the 31 December 2008 operating results of the Consolidated Entity.

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In the directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 16 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance; and
- (b) there are reasonable grounds to believe that Tyrian Diagnostics Limited will be able to pay its debts as and when they become due and payable, as discussed in Note 1 to the financial statements.

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



Roger Amos
Chairman

Sydney
27 February 2009

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Independent auditor's review report to the members of Tyrian Diagnostics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tyrian Diagnostics Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Tyrian Diagnostics Limited Group (the consolidated entity). The consolidated entity comprises both Tyrian Diagnostics Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 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 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 Tyrian Diagnostics 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website
<http://www.pwc.com/au/financialstatementaudit.com.au>

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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Independent auditor's review report to the members of Tyrian Diagnostics Limited (continued)

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Tyrian Diagnostics Limited for the half-year ended 31 December 2008 included on Tyrian Diagnostics Limited's website. The company's directors are responsible for the integrity of the Tyrian Diagnostics Limited website. We have not been engaged to report on the integrity of this website. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

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 Tyrian Diagnostics 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 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*.

Significant uncertainty regarding continuation as a going concern

Without modification to the conclusion expressed above, we draw attention to Note 1(a) in the financial report which indicates that the consolidated entity incurred a net loss of \$3,898,334 and net cash outflows from operating activities of \$3,886,277 during the half year ended 31 December 2008. These conditions, along with other matters as set forth in Note 1(a), indicate there is significant uncertainty whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



PricewaterhouseCoopers



Susan Horlin
Partner

Sydney
27 February 2009