



31 January 2011
Company Announcements Office
Australian Stock Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

Appendix 4C for the period ending 31 December 2010 (ASX : ADO) Anteo Diagnostics Limited (ASX : ADO) attaches its Appendix 4c for the quarter ending 31 December 2010.

CEO REPORT – QUARTER ENDED 31 DECEMBER 2010

Dear Shareholders,

At the end of December 2010 the Company had \$1.6 million cash. At the time of writing this report there was a cash balance of approximately \$2.3 million and approximately 75.4 million 6.5c options (1st February 2011 Expiry) outstanding. Recent discussions with some of the largest holders of those options have confirmed that they intend to exercise their options. If these options are converted, then the Company will be in a very strong cash position going forward.

The quarter has seen continued progress by the company in all of its areas of operational interest. The conservative nature of the healthcare industry has precluded further commercial transactions but confidence remains high that they will successfully conclude. Key activities for the quarter include:

BEAD MANUFACTURERS

- We have been working with one of the major bead manufacturers to reduce the cost of their manufacturing process. Recent data generated has demonstrated our ability to convert precursor beads into a product that performs as well as the commercial beads thereby reducing significantly the complexity of manufacture, and therefore cost, of commercial products. Work is continuing on this project.
- Another bead manufacturer sent Mix&Go manufactured product out for third party testing. Their feedback was that “the results are looking very promising” and that they now want to move into large scale testing.

Anteo Diagnostics Limited ABN 78 090 487 273
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anteo diagnostics
limited

IN VITRO DIAGNOSTIC SUPPLIERS

- Stability of our binding process is critical to its commercial success. As a result, we routinely test stability at elevated temperatures (accelerated stability testing) and in real time. We have always found the binding to be “irreversible”. Despite these findings, which we have shared with interested parties, one of our key prospects decided to undertake protracted stability testing of Mix&Go coupled beads. They have now reported that “our Mix&Go stability appears – well – stable”. They will now commence clinical testing of an exciting new diagnostic test that they are developing. Mix&Go coupled beads will now be tested against a full spectrum of clinical samples to determine whether the test is able to more accurately predict for the disorder than any alternative procedure.
- Another major player in this space reported that, whilst they liked the concept of Mix&Go, our protocol would not allow them to utilise it in the manufacture of their largest tests. Anteo scientists have now been able to modify the protocol to ensure that our process could be used for all tests manufactured by that company. The company is now assessing the revised protocol.

SEPARATION AND PURIFICATIONS

- Perhaps the largest company working in this field has reported that “the data looks very impressive. We like what we see very much”. We are now working closely with this group toward a commercial outcome.

SUMMARY

In summary, we are frustrated by some of the additional steps that have been deemed prudent by prospective partners but recognise that this is a reflection of the conservative nature of our industry. We remain confident that positive outcomes will be reported from these activities.

A number of additional companies have now joined our already impressive list of “interested parties”. This widespread interest continues to feed our optimism for the future.

Dr Geoff Cumming
CEO
Anteo Diagnostics Limited

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Anteo Diagnostics Limited

ACN or ARBN

75-070-028-625

Quarter ended
("current quarter")

31-Dec-10

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from customers and government grants	41	85
1.2	Payments for		
	(a) staff costs	(354)	(663)
	(b) advertising and marketing	(95)	(178)
	(c) research and development (excluding staff costs relating to R&D)	(93)	(175)
	(d) leased assets	-	-
	(e) other working capital	(236)	(596)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	38
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
Net operating cash flows		(712)	(1,490)

NOTES:

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		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	(712)	(1,490)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) Businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(4)	(69)
	(e) other non-current assets	-	-
	Proceeds from disposal of:		
1.10	(a) Businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Adjustment for cash remaining in subsidiary entity at disposal	-	-
	Net investing cash flows	(4)	(69)
1.14	Total operating and investing cash flows	(716)	(1,559)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	16	1,728
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other:		
	Conversion of converting notes	-	-
	Interest paid on converting notes	-	-
	Capital raising costs	-	-
	Net financing cash flows	16	1,728
	Net increase (decrease) in cash held	(700)	169
1.21	Cash at beginning of quarter/year to date	2,295	1,426
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	1,595	1,595

NOTES:

1.20

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Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	305
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL

1.26 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	40	22
4.2	Deposits at call	1,555	2,273
4.3	Bank overdraft		-
4.4	Other - Funds held in trust re. Open Prospectus Offer		-
Total: cash at end of quarter (item 1.23)		1,595	2,295

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Acquisition/disposal of subsidiary		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets at date of acquisition/disposal		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement **does** give a true and fair view of the matters disclosed.

Sign here:

Date: 27 January 2010

(Company Secretary)

Print name: **Shane Hartwig**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note

2 The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss

9.2 - itemised disclosure relating to acquisitions

9.4 - itemised disclosure relating to disposals

12.1(a) - policy for classification of cash items

12.3 - disclosure of restrictions on use of cash

13.1 - comparative information

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Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.