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NORWOOD IMMUNOLOGY LIMITED

INTERIM CONSOLIDATED RESULTS FOR THE HALF YEAR TO 31 DECEMBER 2007

Norwood Immunology Limited **('Norwood Immunology' or 'the Group') (AIM:NIM),** the Group focused on the rejuvenation of the immune system, the development of virosomal vaccines and the interaction between the immune system and stem cell therapies, today announces its interim consolidated results for the half year ended 31 December 2007.

BUSINESS HIGHLIGHTS

- The Group has finished recruiting the first 50 patients to its Phase II US clinical trial looking at GnRH analogue Lupron Depot® being administered as an adjunctive immunology therapy with an experimental melanoma vaccine. This trial is being conducted in collaboration with The University of Texas MD Anderson Cancer Center, of Houston. An interim analysis of results is expected in 2008.

- The Group's Phase II US clinical trial in cancer patients undergoing autologous (self-derived) BMT in the USA to determine whether there is enhanced immune recovery as a result of using Norwood Immunology's technology is progressing In order to address slower than expected recruitment rates, the Group has been enrolling an additional five US active trial centres. This is expected to accelerate the completion of the recruitment process.

- The Group has completed its pre-clinical studies on a Respiratory Syncytial virus ('RSV') vaccine candidate and it has commenced the process to out-license the technology. RSV is a severe respiratory infection particularly prevalent in the elderly and pre-term babies. The Group hopes to progress this out-license process during the remainder of 2008.

- The Group is continuing to conduct a pre-clinical collaboration with a major US partner in order to assess the potential for using its virosome delivery technology for the delivery of SiRNA intra-cellularly. Depending on the outcome of these pre-clinical experiments, this area of opportunity may take on increased significance for the Group during the remainder of 2008.

- The Group is pursuing the commercial potential for stem cell-based therapies in both the human and veterinary fields and is also exploring related M&A and partnering opportunities. This initiative, together with the further development of its virosomal vaccines, is expected to be an important part of the Group's strategy going forward.

FINANCIAL HIGHLIGHTS

- As reported in the accounts for the year ended 30 June 2007, the Group will require additional capital during 2008 to fund its operations. Norwood Immunology is therefore actively pursuing a range of possible funding solutions, including raising new capital, a potential sale or out-license of technologies and/or merger and acquisition opportunities.

- As the Group does not have sufficient cash resources to fund its current level of activities for the next 12 months, the directors have carefully assessed the uncertainties relating to the likelihood of securing additional funding and the Group's ability to effectively manage its cash flows. On that basis, the directors have formed a judgement at the time of preparing the interim financial statements that there is a reasonable expectation that the Group can raise additional cash resources during the next 12 months and it is therefore appropriate to prepare the financial statements on a going concern basis.

- The Directors have re-assessed the carrying values of intangible assets comprising Norwood Immunology IP and in-process R&D and goodwill from the acquisition of Virosome Biologicals. The current cash position of the Group creates uncertainty as to whether there will be adequate financial resources in the long term to complete the development of the Norwood Immunology and Virosome Biologicals technologies and to create future economic benefits. The Directors therefore believe that a prudent application of Australian IFRS leads to an impairment to the carrying value of IP, in-process R&D and goodwill.

- This is not a negative reflection on the potential of underlying technologies and the Directors continue to believe that there is still potential for successful development of the goodwill, in-process R&D and patents and still expect the recovery of a future economic benefit from its ultimate commercialization. However, they recognise that given the financial uncertainties it would be imprudent to continue to carry these assets on the balance sheet. A total impairment of A$24,880,533 has been recorded in the income statement for the 6 months to 31 December 2007 (approximately £10.9 million).

- The consolidated decrease in cash and cash equivalents for the 6 months ended 31 December 2007 was A$2,507,035 (2006: increase of A$9,619,078), approximately £1.1 million (2006: increase of £3.9 million).

- Cash on hand at 31 December 2007 was A$3,213,403 (2006: A$9,856,883), approximately £1.4 million (2006: £4.0 million).

- The consolidated loss after tax for the 6 months ended 31 December 2007 was A$26,672,413 (2006: A$1,802,973), approximately £11.7 million (2006: £0.7 million). This is after making an impairment provision to the carrying value of intangible assets of A$24,880,533, approximately £10.9 million.

- Basic loss per share of –A$0.1168 (2006: –A$ 0.013), approximately -£0.051 (2006: –£0.005).

Richard Williams, CEO of Norwood Immunology said: 'Given the financial position of the Group, and the uncertainties surrounding ongoing fundraising, this is a challenging time and the next 6 months will be a critical period for the Group as it seeks to secure funding for the business.

However, we believe that the Group's development programs and potential commercial opportunities within the field of immunology, vaccines and RNAi delivery have been advanced over the last 6 months and we are pursuing some exciting opportunities in the field of stem cells. We are focussed on securing funding for the Group and also advancing all these activities and opportunities during 2008.

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CHAIRMAN'S STATEMENT

COMMERCIAL DEVELOPMENT

Immunology

- The Group has two Phase II trials ongoing in the US.

- A Phase II clinical trial in collaboration with The University of Texas MD Anderson Cancer Center, of Houston. This trial involves GnRH analogue Lupron Depot® being administered as an adjunctive immunology therapy with an experimental melanoma vaccine, to determine whether an enhanced immune response to that vaccine can be created. The trial is expected to involve up to 100 patients (50 treated; 50 control). The first 50 patients have now been recruited and an interim analysis of results is expected in 2008.

- Secondly, a Phase II clinical trial in cancer patients undergoing autologous (self-derived) BMT in the USA. The trial comprises an 80 patient double-blind randomized Phase II clinical trial (40 treated; 40 control) The aim is to determine whether there is enhanced immune recovery as a result of using Norwood Immunology's technology.

- As has been previously reported, recruitment at the initial centres of University of Texas M D Anderson Cancer Center and Dana-Farber Cancer Institute, Harvard Medical School had been progressing slower than anticipated. Accordingly, in conjunction with our trial partners, the Group has been enrolling an additional five US active trial centres over the last 6 months, including Duke University, Memorial Sloane-Kettering, Washington University, Ohio State and University of Florida. We expect this to accelerate the completion of the recruitment process.

- The Group continues to conduct the majority of its research on the immune system at the laboratories of its Chief Scientific Officer (Immunology), Professor Richard Boyd, at Monash University, Melbourne, Australia. The Group has continued its strategy of seeking collaborations with other institutions and of applying for grants to maximise the benefit received from the Group's sponsorship of the Boyd laboratory.

  The ability to attract these grants and other collaborative interest is a testament to the innovative research being pursued at Monash and the high regard in which the Boyd laboratory is held by the scientific community.

Virosomal vaccines

- Virosome Biologicals' adjuvanted virosome technology is licensed to Solvay specifically in the field of intranasal influenza vaccines. Solvay is responsible for clinical trials and development and commercialising of the vaccine. It successfully concluded a Phase I clinical trial in 2006. The vaccine was found to be safe and well tolerated.

  Solvay has previously advised that it intends to progress the vaccine into Phase II clinical trials which the Group still hopes to commence in 2008. The commencement date has been delayed compared with original expectations, a delay which is unfortunately out of the Group's control given the trial conduct and timetable are the responsibility of the licence partner.

- During the last 6 months we have completed our pre-clinical studies on a Respiratory Syncytial virus ('RSV') candidate and we have commenced the process to out-license the technology. RSV is a severe respiratory infection particularly prevalent in the elderly and pre-term babies. We hope to progress this process during the remainder of 2008.

- Virosome Biologicals has continued a small commercial research laboratory in Lieden to progress its pre-clinical research development programs including herpes strain vaccines and the use of virosomes for efficient and efficacious delivery of SiRNA. With respect to SiRNA we are in a pre-clinical collaboration with a major US partner to explore the use of virosomes to delivery SiRNA interference molecules.

Other developments

- The Group has, over the past three years, devoted an increasing amount of its Melbourne-based research activities on the interaction between the immune system and evolving stem cell therapies. The focus of this program recognises the importance of immunology in relation to assuring patient acceptance of stem cell therapies. It links the Norwood Immunology technology of re-activating the thymus with LHRH and hence rejuvenation and manipulation of the immune system, with that of the anti-inflammatory and tissue repair inducing properties of mesenchymal and other adult (not embryonic) stem cells.

- This combination has many potential applications in regenerative medicine, transplantation tolerance and treatment of cancer, autoimmunity and AIDS. The Group is pursuing the commercial potential for such stem cell-based therapies in both the human and veterinary fields and also exploring related M&A and partnering opportunities. This initiative is expected to be an important part of the Group's strategy going forward.

FINANCIAL SUMMARY

The consolidated loss after tax for the 6 months ended 31 December 2007 was A$26,672,413 (2006: A$1,802,973), approximately £11.7 million (2006: £0.7 million). This is after recording an impairment provision to the carrying value of intangible assets of A$24,880,533 (approximately £10.9 million). The consolidated negative cash flows from operations for the 6 months ended 31 December 2007 was A$2,507,035 (approximately £1.1 million). Cash at 31 December 2007 was A$3,213,403 (2006: A$9,856,883), approximately £1.4 million (2006: £4.0 million). All amounts expressed in pounds sterling have been converted, on a proforma basis at the 31 December 2007 rate of A$1:£0.4385 (2006: A$1:£0.4031).

As reported in the accounts for the year ended 30 June 2007, the Group will require additional capital during 2008 to fund its operations. The Group's principal activities are still in development, either independently or in collaboration with large pharmaceutical license partners. As such, the Group expects to be cash absorbing until these technologies are successfully developed and commercialised or alternative sources of revenues are identified and developed.

Norwood Immunology is therefore currently actively pursuing a range of funding solutions, including raising new capital, a potential sale or out-license of technologies and/or merger and acquisition opportunities. This includes opportunities from the commercialisation of our current technologies and potentially from the commercial opportunities offered by our developments in stem cell-based therapies in both the human and veterinary fields.

In parallel to the above fundraising process, the Group is continuing to maintain a careful control of its operational costs and where possible it is restructuring its operations to reduce its cost base and extend its cash cover.

As the Group does not have sufficient cash resources to fund its current level of activities for the next 12 months, the Directors have carefully assessed the uncertainties relating to the likelihood of securing additional funding and the Group's ability to effectively manage its cash flows. On that basis, the Directors have formed a judgement at the time of preparing the interim financial statements that there is a reasonable expectation that the Group can raise additional cash resources during the next 12 months and it is therefore appropriate to prepare the financial statements on a going concern basis.

However, the Directors have re-assessed the carrying values of intangible assets comprising Norwood Immunology IP and in-process R&D and goodwill from the acquisition of Virosome Biologicals. The current cash position of the Group creates uncertainty as to whether there will adequate financial resources in the long term to complete the development of the Norwood Immunology and Virosome Biologicals technologies and to create future economic benefits. The Directors therefore believe that a prudent application of Australian IFRS leads to an impairment to the carrying value of IP, in-process R&D and goodwill.

This is not a negative reflection on the potential of underlying technologies and the Directors continue to believe that there is still potential for successful development of the goodwill, in-process R&D and patents and still expect the recovery of a future economic benefit from its ultimate commercialization. However, they recognise that given the financial uncertainties it would be imprudent to continue to carry these assets on the balance sheet.

Accordingly, a total impairment to the carrying value of intangible assets of A$24,880,533 has been recorded in the income statement for the 6 months to 31 December 2007, approximately £10.9 million.

SUMMARY AND OUTLOOK

Given the financial position of the Group, and the uncertainties of the ongoing fundraising process, the next 6 months will be a critical time for the Group.

However, we continue to be encouraged by the development and commercialisation of our Norwood Immunology and Virosome technologies over the last 6 month and we are also pursuing potential commercial opportunities offered by our developments in stem cell-based therapies in both the human and veterinary fields. In particular, we continue to be hopeful to report on interim results for the Lupron/vaccination Phase II clinical trial in the U.S., during 2008 and also to achieve an out-licence of Virosome Biologicals RSV program.

Finally, the Board would like to express its appreciation to all our shareholders and staff for their continued support throughout this difficult period.

Peter Hansen
Chairman
31 March 2008

Income Statement

	Note	Unaudited 6 months to 31 December 2007 A$	Unaudited 6 months to 31 December 2006 A$	Audited 12 months to 30 June 2007 A$
Revenue from ordinary activities		121,771	69,295	-
Other income/(expense)		98,047	12,930	349,554
Depreciation and amortization expense		(30,085)	(4,333)	(23,444)
Employee benefits expense		(770,670)	(745,682)	(1,473,436)
Finance costs		(25,758)	(87,373)	(202,791)
Insurance		(54,708)	(38,015)	(83,859)
Investor relations		(72,816)	(124,005)	(230,829)
Legal costs		(3,172)	(54,747)	(146,872)
Net foreign exchange (loss)/gain		8,064	-	(245,827)
Professional fees		(270,454)	(74,982)	(275,115)
Parent entity management fees		-	(60,000)	(80,000)
Patent costs		(138,628)	-	(53,946)
Travel expenses		(113,275)	(85,985)	(268,342)
Research and development costs immediately expensed		(417,656)	(555,328)	(1,044,293)
Impairment of non-current assets		(24,880,533)	-	(637,641)
Other expenses from ordinary activities		(122,540)	(54,748)	(446,926)
Loss before income tax expense		(26,672,413)	(1,802,973)	(4,863,767)
Income tax expense		-	-	-
Loss for the period attributable to members of the Group		(26,672,413)	(1,802,973)	(4,863,767)
Loss per share				
Basic	3	(0.1168)	(0.013)	(0.026)
Diluted	3	(0.1168)	(0.013)	(0.026)

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the income statement.

Balance Sheet

	Note	Unaudited as at 31 December 2007 A$	Unaudited as at 31 December 2006 A$	Audited as at 30 June 2007 A$
Current assets				
Cash and cash equivalents		3,213,403	9,856,883	5,720,438
Trade and other receivables		101,443	15,255	82,488
Other		99,434	329,204	156,359
Total current assets		3,414,280	10,201,342	5,959,285
Non-current assets				
Other financial assets		11,836	-	11,176
Plant and equipment		237,584	9,389	247,632
Goodwill	4	-	20,284,774	2,100,000
Intangible assets	5	-	5,101,742	22,732,609
Total non-current assets		249,420	25,395,905	25,091,417
Total assets		3,663,700	35,597,247	31,050,702
Current liabilities				
Trade and other payables		482,421	1,159,732	1,248,147
Other financial liabilities	6	890,801	-	821,439
Provisions		46,123	76,167	39,828
Total current liabilities		1,419,345	1,235,899	2,109,414
Non-current liabilities				
Interest bearing liabilities		22,242	2,264,348	46,762
Total non-current liabilities		22,242	2,264,348	46,762
Total liabilities		1,441,587	3,500,247	2,156,176
Net assets		2,222,113	32,097,000	28,894,526
Equity				
Issued capital	7	57,842,753	57,984,433	57,842,753
Other reserve		-	-	-
Accumulated losses	7	(55,620,640)	(25,887,433)	(28,948,227)
Total equity		2,222,113	32,097,000	28,894,526

Cash flow Statement

	Note	Unaudited 6 months to 31 December 2007 A$	Unaudited 6 months to 31 December 2006 A$	Audited 12 months to 30 June 2007 A$
Cash flows from operating activities				
Receipts from customers		121,771	-	123,683
Payments to suppliers and employees		(2,663,472)	(1,717,413)	(3,810,493)
Interest and other costs of finance paid		-	(41,582)	(175,002)
Net cash used in operating activities	8	(2,541,701)	(1,758,995)	(3,861,812)
Cash flows from investing activities				
Interest received		95,057	32,537	207,030
Payment for plant and equipment		(12,467)	(1,963)	(256,556)
Payment for intangible assets		(47,924)	(82,715)	(109,165)
Payment for businesses		-	(5,182,554)	(5,242,599)
Purchase of other financial assets		-	-	(11,176)
Net cash used in investing activities		34,666	(5,234,695)	(5,412,466)
Cash flows from financing activities				
Repayment of loan funds from holding company		-	(1,223,793)	(1,223,793)
Loan funds from related party		-	1,567,946	-
Payment for share issue costs		-	(537,330)	(537,330)
Proceeds from issue of shares		-	16,805,945	16,805,945
Net cash provided by/(used in) financing activities		-	16,612,768	15,044,822
Net increase/(decrease) in cash and cash equivalents		(2,507,035)	9,619,078	5,770,544
Cash and cash equivalents at the beginning of the period		5,720,438	237,805	237,805
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-	(287,911)
Cash and cash equivalents at the end of the period		3,213,403	9,856,883	5,720,438

NOTES TO THE FINANCIAL INFORMATION

1 Basis of preparation

The results for the half-year are unaudited. The financial information in this interim statement does not constitute the statutory financial statements within the meaning of section 240 of the Companies Act 1985.

The financial information in this announcement has been prepared on the basis of Australian IFRS and the accounting policies as set out in the most recently published set of annual financial statements. The interim results and prior year comparative results have been prepared using accounting policies consistent with those adopted in the audited financial statements for the year to 30 June 2007. This includes prior year comparatives for the 6 months to 31 December 2006.

The financial information for the year ended 30 June 2007, has been extracted from the audited financial statements for the year ended 30 June 2007. The auditor's report on those accounts was unqualified.

This interim statement was approved by the board of Norwood Immunology Limited on 31 March 2008.

This interim statement of unaudited results for the 6 months ended 31 December 2007 is, from today 31 March 2008, available on the Company's website www.norwoodimmunology.com.

2 Going concern

The Group is an emerging pharmaceutical business and as such expects to be cash absorbing until its technologies are commercialised.

As at 31 December 2007 the Group had an accumulated loss of A$55,620,640 (approximately £24.4 million) and for the six months ended 31 December 2007 the Group incurred a net loss of A$26,672,413 (approximately £11.7 million) and experienced negative cash flows from operations of A$2,507,035 (approximately £1.1 million). As at 31 December 2007, current assets exceed current liabilities by A$1,994,935 (approximately £0.9 million).

As the Group does not have sufficient cash resources to fund its current level of activities for the next 12 months, the Directors have carefully assessed the uncertainties relating to the likelihood of securing additional funding and the Group's ability to effectively manage its cash flows.

Whilst there are uncertainties as to the exact timing and form of additional fund raising necessary to fund the current level of activities of the Group for at least the next 12 months, the Directors have formed a judgement at the time of preparing the interim financial statements that there is a reasonable expectation that the Group can raise additional cash resources during the next 12 months. As such, these financial statements have therefore been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

To continue as a going concern the Group will require the continued support of current or new shareholders and/or to raise new facilities or equity from other parties or from a sale or out-license of technologies or merger and acquisition opportunities.

The directors believe the going concern basis of preparation to be appropriate given that during its lifetime the Group has been able to attract funds in the form of either equity capital or partnering to advance development programs and provide sufficient funding to allow the Group to pay its debts as and when they become due and payable.

In the event that the Group is unable to raise sufficient funds as set out above, there is uncertainty whether the Group can continue as a going concern. If the Group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

3 Basic and diluted loss per ordinary share

The calculations of earnings per share are based on the following losses and numbers of shares.

	Unaudited 6 months to 31 December 2007 A$	**Unaudited 6 months to 31 December 2006 A$**	**Audited 12 months to 30 June 2007 A$**
Loss for the financial period	(26,672,413)	(1,802,973)	(4,863,767)
Weighted average number of shares:	No.	No.	No.
For basic earnings per share	228,241,387	143,182,669	185,362,472
Exercise of share options	-	-	-
For diluted earnings per share	228,241,387	143,182,669	185,362,472

EPS has been prepared using Australian IFRS results but consistent with UK GAAP under FRS 14, presentation of diluted EPS is required when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. The loss and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share, as the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive.

4 Goodwill

	Unaudited 6 months to 31 December 2007 A$	Unaudited 6 months to 31 December 2006 A$	Audited 12 months to 30 June 2007 A$
Net book value:			
Balance at beginning of financial period	2,100,000	-	-
Goodwill recognized from business combinations occurring during the period	-	20,284,774	2,100,000
Impairment	(2,100,000)	-	-
Balance at end of financial period	-	20,284,774	2,100,000

The acquisition of Virosome Biologicals as at 31 December 2006 was provisionally accounted for based on the best information available at that time. Once the value of the identifiable intangibles had been determined fair values were assigned to the assets and liabilities acquired. These were included as at 30 June 2007 and the majority of the goodwill accounted for as in-process R&D.

The Directors have now re-assessed the carrying values of the goodwill from the acquisition of Virosome Biologicals. The current cash position of the Group creates uncertainty as to whether there will adequate financial resources in the long term to complete the development of the Virosome Biologicals technologies and to create future economic benefits. The Directors therefore believe that a prudent application of Australian IFRS leads to an impairment to the carrying value goodwill.

5 Other intangible assets

Gross carrying value	In-process R&D A$	Patents A$	Total A$
Balance at 1 July 2006	-	5,032,615	5,032,615
Additions from internal developments	-	109,165	109,165
Net revaluation increments/(decrements)	-	-	-
Increase through business combinations	18,258,031	-	18,258,031
Balance at 30 June 2007	18,258,031	5,141,780	23,399,811
Additions from internal developments	-	47,924	47,924
Net revaluation increments/(decrements)	-	-	-
Increase through business combinations	-	-	-
Balance at 31 December 2007	18,258,031	5,189,704	23,447,735

Accumulated amortisation	In-process R&D A$	Patents A$	Total A$
Balance at 1 July 2006	-	24,192	24,192
Amortisation expense	-	5,369	5,369
Impairment losses charged to profit	-	637,641	637,641
Balance at 30 June 2007	-	667,202	667,202
Amortisation expense	-	-	-
Impairment losses charged to profit	18,258,031	4,522,502	22,780,533
Balance at 31 December 2007	18,258,031	5,189,704	23,447,735

Net book value	In-process R&D A$	Patents A$	Total A$
As at 30 June 2007	18,258,031	4,474,578	22,732,609
As at 31 December 2007	-	-	-

The Directors have re-assessed the carrying values of intangible assets comprising Norwood Immunology patents and in-process R&D. The current cash position of the Group creates uncertainty as to whether there will be adequate financial resources in the long term to complete the development of the Norwood Immunology and Virosome Biologicals technologies and to create future economic benefits. The Directors therefore believe that a prudent application of Australian IFRS leads to an impairment to the carrying value of IP and in-process R&D.

This is not a negative reflection on the potential of underlying technologies and the Directors continue to believe that there is still potential for successful development of the in-process R&D and patents and still expect the recovery of a future economic benefit from its ultimate commercialization. However, they recognise that given the financial uncertainties it would be imprudent to continue to carry these assets on the balance sheet.

6 Current interest bearing liabilities

	31 December 2007 A$	31 December 2006 A$	30 June 2007 A$
Unsecured:			
Deferred consideration	890,801	-	821,439
	890,801	-	821,439

On 27 November 2006 the Group completed the acquisition of all of the issued shares of Bestewil. As part of the consideration for the acquisition a payment of €0.5 million (A$838,082) is deferred until 27 May 2008, the balance above includes accrued interest payable on the deferred amount at 6% per annum.

7 Statement of Changes in Equity

	For the 6 months to 31 December 2007			For the 12 months to 30 June 2007		
	Issued capital A$	Accumulated losses A$	Total A$	Issued capital A$	Accumulated losses A$	Total A$
Opening balance	57,842,753	(28,948,227)	28,894,526	27,227,179	(24,084,460)	3,142,719
Loss for the period	-	(26,672,413)	(26,672,413)	-	(4,863,767)	(4,863,767)
Total recognized income/(expense)	57,842,753	(55,620,640)	2,222,113	27,227,179	(28,948,227)	(1,721,048)
Issue of shares	-	-	-	31,152,904	-	31,152,904
Share issue costs	-	-	-	(537,330)	-	(537,330)
Closing balance	57,842,753	(55,620,640)	2,222,113	57,842,753	(28,948,227)	28,894,526

Issued capital	No.
Number at 1 July 2007	228,241,387
Shares issued during period	-
Number at 31 December 2007	228,241,387

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

8 Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities

	Unaudited 31 December 2007 A$	Unaudited 31 December 2006 A$	Audited 30 June 2007 A$
Loss from ordinary activities after related income tax	(26,672,413)	(1,802,973)	(4,863,767)
Depreciation	30,085	4,333	24,442
Net unrealised foreign exchange loss/(gain)	(8,064)	-	245,827
Interest received	(95,057)	(32,537)	(207,030)
Non-cash interest	23,891	-	27,789
Impairment of non-current asset	24,880,533	-	637,641
Decrease/(increase) in current receivables	(18,955)	6,487	(60,746)
Decrease/(increase) in current prepayments	56,925	4,853	177,698
Increase/(decrease) in current payables	(720,420)	61,435	146,504
(Decrease)/increase in provisions	(18,226)	(593)	9,830
Net cash used in operating activities	(2,541,701)	(1,758,995)	(3,861,812)

9 Events after the balance sheet date

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operation of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

END