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TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 16th February 2010

MATERIAL DIFFERENCES IN HALF- YEAR RESULTS

The Company wishes to inform that it is expecting an improved loss position to its half year results to 31st December 2010 (approx loss of $1.2 million) in comparison to the previous corresponding period in 2009 (loss of $3.44 million).

The major items affecting the financial results (based on internal management accounts) for the Half -Year to 31st December 2010 are:

Revenue

The Company anticipates consolidated revenue of approximately $1 million for the half year to 2010, comprising Sales of $781,060 and a Research and Development Rebate of $169,442.This revenue is broadly consistent with the consolidated revenue reported in the corresponding period in 2009 of $1,015,471.

Improved Loss Position

The Company anticipates a consolidated loss of approximately $1.2 million for the 6 months to 31st December 2010 compared with a loss of $3,444,775 for the same period in 2009.

The major reasons for the improved loss position for the 6 months to 2010 as compared to the corresponding period in 2009 are:

- A reduction in the loss of the Company's operating activities by approximately $0.18 million (to approximately $ 1.27 million) over the loss recorded in the six months to 31 December 2009 of $1,453,905.

- As disclosed in the 2010 annual report, Bioglobal Limited ceased to be an "Associate" (as defined in AASB 128) of the Company from 1 July 2010 .As a result, the Company has discontinued to account for its 18.44% investment in Bioglobal Limited using the equity method of accounting (AASB 128) and has accounted for that investment as a financial asset in accordance with AASB-139. Accordingly, the cost base of the investment is recorded at the carrying

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amount of the investment at the date that it ceased to be an “Associate”. The resultant gain of $736,883 was recorded through the Profit and Loss during the December 2010 half year.

Moreover, in the half year to December 2009, the company recognised a share of Bioglobal Limited loss of $140,359.As the Company has now accounted for its investment in Bioglobal in accordance with AASB-139, recognition of such share of profit or loss of Bioglobal is no longer required.

- In the December 2009 half year the Company recorded a provision for impairment of the Company’s Secured Loan to Aquenox Limited of $1,000,000 together with accrued interest of $198,041.No provisions relating to investments are required in the December 2010 half year.

PAT VOLPE
Chairman