

Select Vaccines Limited
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4D
HALF YEARLY FINANCIAL REPORT
for the period ending 30 June 2003

DIRECTORS REPORT

Your directors submit the financial report of the economic entity for the half-year ended 30 June 2003.

Directors

The names of directors who held office during or since the end of the half-year:

Bryan Frost	Chairman-Executive
Richard Revelins	Executive (resigned 1 April 2003)
Peter Marks	Executive
Jonathan Brett	Non-Executive
Martin Soust	Executive Director & CEO (appointed 1 April 2003)
Jeremy Cooper	Finance Director (appointed 19 June 2003)

Review of Operations

In December 2002 the company reached agreement with the Macfarlane Burnet Institute for Medical Research and Public Health (Burnet Institute) to acquire and commercialise specific innovative technologies that the Institute has developed. At the Annual General Meeting held in June the shareholders agreed to a change of business activities and change of company name (to Select Vaccines Limited). The company now operates in the biotechnology sector, with a specific focus on a range of diagnostics, therapeutics and vaccines for infectious diseases.

Subsequent to the end of the half-year the company achieved several important milestones, including:

- Completion of the capital raising that raised in excess of \$2.4m for the company;
- Reinstatement of the company's securities to trading and a successful debut as Select Vaccines Limited;
- Transfer of specific IP from the Burnet Institute to Select Vaccines' two subsidiary companies, Hepgenics Pty Ltd and Picoral Pty Ltd;
- Acceleration of the commercial activities, particularly in respect of the Hepatitis A and Hepatitis E rapid diagnostic kits;
- Appointment of Dr Anthony Filippis (as Vice President, Business Development) to assist with accelerated commercial activities;
- Fast-tracking the development work in respect of Hepatitis C and Virus-Like Particle (VLP) projects.

The Directors are pleased with the response to the recent capital raising and market debut and remain focussed on achieving optimal commercial outcomes for the various technologies. The company expects to be in a position to provide a comprehensive shareholder update during September.

Directors Options

Following shareholder approval at the AGM in May 2003 and as disclosed in the prospectus dated June 2003 the follow options were issued to directors:

Bryan Frost	750,000
Peter Marks	750,000
Jonathan Brett	750,000
Martin Soust	750,000
Jeremy Cooper	750,000

This report is signed in accordance with a resolution of the Board of Directors.



Director
Martin Soust

Dated this 29th day of August 2003

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from ordinary activities	up	213.38 %	to	151,586
Loss from ordinary activities after tax attributable to members	up	177.63 %	to	(705,904)
Net loss attributable to members	up	177.63 %	to	(705,904)
Dividends (distributions)				
		Amount per security		Franked amount per security
Final dividend		n/a		n/a
Previous corresponding period		n/a		n/a
*Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		n/a		
Explanation of the above information:				
<p>Select Vaccines Limited has been through a change in activities and name since the December 2002 Annual Report. These changes, approved at the AGM in May 2003, have enabled it to enter into an agreement with the MacFarlane Burnet Institute to raise funds and invest in biotechnology research. Additional expenditure has resulted during the 6 month period as consultants have been engaged and a prospectus was issued.</p>				

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

ECONOMIC ENTITY			
		30 June 2003	31 December 2002
		\$	\$
CURRENT ASSETS			
Cash assets	7	2,507,478	536,784
Receivables	8	165,555	143,490
Other financial assets	9	743,906	685,033
Other	10	37,531	59,000
TOTAL CURRENT ASSETS		3,454,470	1,424,307
NON-CURRENT ASSETS			
Other financial assets	11	-	290,000
TOTAL NON-CURRENT ASSETS		-	290,000
TOTAL ASSETS		3,454,470	1,714,307
CURRENT LIABILITIES			
Payables	12	309,776	161,052
TOTAL CURRENT LIABILITIES		309,776	161,052
TOTAL LIABILITIES		309,776	161,052
NET ASSETS		3,144,694	1,553,255
EQUITY			
Contributed equity	13	23,617,096	21,319,735
Accumulated losses	14	(20,472,384)	(19,766,480)
Total parent entity interest in equity		3,144,712	1,553,255
Total Outside Equity Interest		(18)	-
TOTAL EQUITY		3,144,694	1,553,255

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR
ENDED 30 JUNE 2003**

ECONOMIC ENTITY

		30 June 2003 \$	30 June 2002 \$
REVENUES FROM ORDINARY ACTIVITIES	15(a)	151,586	48,371
Professional Fees	15(b)	(477,110)	(200,230)
Other expenses from ordinary activities	15(b)	(380,400)	(102,406)
(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(705,924)	(254,265)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		-	-
		<hr/>	<hr/>
(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(705,924)	(254,265)
NET (LOSS) ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST		20	-
		<hr/>	<hr/>
NET (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(705,904)	(254,265)
		<hr/>	<hr/>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(705,904)	(254,265)
		<hr/>	<hr/>
BASIC EARNINGS PER SHARE (cents per share)		(7.45)	(0.83)
DILUTED EARNINGS PER SHARE (cents per share)		(7.45)	(0.83)

The accompanying notes form part of these financial statements.

**STATEMENT OF CASHFLOW FOR THE HALF YEAR ENDING
30 JUNE 2003**

		ECONOMIC ENTITY	
		30 June 2003	30 June 2002
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
		42,816	-
		(485,496)	(250,504)
		9,418	16,077
		(35)	-
		<hr/>	<hr/>
		NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(234,427)
	16(a)	(433,297)	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
		18,919	-
		(52,879)	(534,467)
		47,348	-
		<hr/>	<hr/>
		NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(534,467)
		13,388	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
		2,390,603	1,202,762
		<hr/>	<hr/>
		NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	1,202,762
		2,390,603	<hr/>
		NET INCREASE/(DECREASE) IN CASH HELD	433,868
		1,970,694	<hr/>
		Opening Cash Balance	717,265
		536,784	<hr/>
		Closing Cash Balance	1,151,133
	16(b)	2,507,478	<hr/>

The accompanying notes form part of these financial statements.

NOTES TO ACCOUNTS

1. Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2002 and any public announcements made by Select Vaccines Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 31 December 2002 annual report.

The half-year report does not include full disclosures of the type normally included in the annual financial report.

2. Dividends

The company resolved not to declare any dividends in the period ending 30 June 2003.

3. Acquisition of Subsidiaries

In the half year ending June 2003 Select Vaccines Limited acquired 65% interest in two subsidiaries, Hepgenics Pty Ltd and Picoral Pty Ltd. Both subsidiaries are involved in biotechnology research. This investment resulted from an agreement reached with the MacFarlane Burnett Institute in early 2003. At the AGM held in May 2003 it was put to shareholders to accept this proposal, raise further capital under the prospectus issued June 2003 and change the name of Select-Tel Limited to Select Vaccines Limited. All resolutions were passed. The initial acquisition of shares occurred in June 2003, with one share being issued to Select Vaccines Limited and one share being issued to the MacFarlane Burnett Institute. In July 2003 further acquisitions of equity occurred as set out in the agreement between the two entities.

4. Segment Information

30 JUNE 2003

Business Segment Report

	Rent	Investments	Telecommunications	Total
<u>Segment Revenue</u>				
External Customers	38,931	57,052	43,685	139,668
Unallocated Revenue				11,918
Consolidated Revenue				<u>151,586</u>
<u>Segment Result</u>	14,108	(303,017)	43,685	(245,224)
Unallocated Result				(460,680)
Consolidated Result				<u>(705,904)</u>
<u>Segment Asset</u>	5,562	453,907	14,047	473,516
Unallocated Assets				2,980,954
Consolidated Assets				<u>3,454,470</u>
<u>Segment Liabilities</u>	5,461	-	-	5,461
Unallocated Liabilities				304,315
Consolidated Liabilities				<u>309,776</u>

Geographical Segments

The economic entity operated only in Australia.

30 JUNE 2002

The company operates from one geographical location within Australia and within one business segment.

5. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

6. Events Subsequent to Reporting Date

There have been no events after reporting date that have a material effect on this report.

7. Cash Assets

	CONSOLIDATED	
	2003	2002
	\$	\$
Cash at bank	2,480,094	205,640
Term deposits	27,384	331,144
	2,507,478	536,784

8. Receivables

Amount Receivable from Unrelated Entities	20,000	67,348
Goods and services tax	45,763	20,214
Amount Receivable from equity holders	82,600	-
Trade Debtors	17,192	299,719
Less Provision for doubtful debts	-	(243,791)
	165,555	143,490

9. Other Financial Assets (Current)

Listed Shares at cost	780,601	746,643
Less Provision for Diminution in Investments	(376,695)	(111,610)
Unlisted shares at cost	340,000	50,000
	743,906	685,033

	CONSOLIDATED	
	2003	2002
	\$	\$
10. Other Current Assets		
Prepayments	22,834	24,000
Accrued Income	14,697	35,000
	<u>37,531</u>	<u>59,000</u>
11. Other Financial Assets (Non-Current)		
Unlisted shares at lower of cost or market value	-	290,000
	<u>-</u>	<u>290,000</u>
12. Payables		
Trade creditors	10,139	65,031
Other creditors/Accrued Expenses	299,637	96,021
	<u>309,776</u>	<u>161,052</u>

	CONSOLIDATED	
	2003	2002
	\$	\$
13. Contributed Equity		
(a) Issued and paid up capital		
Ordinary shares fully paid	23,262,557	20,965,196
Options	354,539	354,539
	<u>23,617,096</u>	<u>21,319,735</u>

	2003		2002	
	No of Shares	\$	No of Shares	\$
(b) Movements in shares on issue				
Beginning of the financial year	36,828,101	20,965,196	112,313,574	19,915,196
- consolidation (i)	(27,621,297)	-	(84,235,473)	-
Issued during the year	15,220,000	3,044,001	8,750,000	1,050,000
- private and public equity raisings (ii)	-	(746,640)	-	-
less transaction costs	-	(746,640)	-	-
End of the financial year	<u>24,426,804</u>	<u>23,262,557</u>	<u>36,828,101</u>	<u>20,965,196</u>

(i) 2003	Details	Number	Issue Price	\$
20 June 2003	1:4 Consolidation	(27,621,297)	-	-
(ii) 2003	Details	Number	Issue Price	\$
26 June 2003	Issue to Farcam Pty Ltd (nominee of Peregrine Corporate Pty Ltd under Prospectus dated June 2003)	3,000,000	\$0.20	\$600,000
27 June 2003	Issued under Prospectus dated June 2003	12,220,000	\$0.20	\$2,444,001
(i) 2002	Details	Number	Issue Price	\$
7 March 2002	Capital consolidated on a 1:4 basis following approval at General Meeting	(84,235,473)	-	-
(ii) 2002	Details	Number	Issue Price	\$
22 March 2002	Raising of working capital through private placement	8,750,000	\$0.12	1,050,000

(c) Movements in Options

22,497,987 options over ordinary shares (2002: 35,594,619)

	2003		2002	
	No of Options	\$	No of Options	\$
(b) Movements in options on issue				
Beginning of the financial year	35,594,619	354,539	20,168,613	201,777
- consolidation (i)	(22,914,531)	-	(15,126,512)	-
Issued during the year				
- private and public equity raisings (ii)	14,860,000	-	30,552,518	152,762
- expiration during the year (iii)	(5,042,101)	-	-	-
End of the financial year	22,497,987	354,539	35,594,619	354,539

(i) 2003	Details	Number	Issue Price	\$
20 June 2003	1:4 Consolidation	(22,914,531)	-	-
(ii) 2003	Details	Number	Issue Price	\$
26 June 2003	Issue to Farcam Pty Ltd (nominee of Peregrine Corporate Pty Ltd under Prospectus dated June 2003)	3,000,000	-	-
27 June 2003	Issue under Prospectus dated June 2003	6,110,000	-	-
27 June 2003	Options issued to directors as a result of resolution passed at Annual General Meeting	3,750,000	-	-
27 June 2003	Options issued under June 2003 Prospectus to Macfarlane Burnet Institute of Public Health	2,000,000	-	-
(iii)	Details	Number	Issue Price	\$
30 April 2003	Listed options expired, exercisable at \$0.72 on or before 30 April 2003	(5,042,101)	-	-
(i) 2002	Details	Number	Issue Price	\$
7 March 2002	Capital consolidated on a 1:4 basis following approval at general meeting	(15,126,512)	-	-

(ii) 2002	Details	Number	Issue Price	\$
17 April 2002	Rights Issue 2 opt : 3 ords \$0.20 before 1/2/07	24,552,518	\$0.005	\$122,762
5 June 2002	Directors Options \$0.20 before 1/2/07	6,000,000	\$0.005	30,000

(d) Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

CONSOLIDATED

	2003 \$	2002 \$
14. Accumulated Losses		
Balance at beginning of year	(19,766,480)	(19,152,359)
Net loss attributable to members of the Parent Entity	(705,924)	(614,121)
Net loss attributable to Outside Equity Interest Members	20	-
Balance at end of year	(20,472,384)	(19,766,480)

15. Profit/Loss from Ordinary Activities

(a) Revenues from Operating Activities

Interest	7,507	16,590
Rent	38,931	31,781
Royalties	43,685	-
Sale of Shares	57,052	-
Other	4,411	-
Total revenues	151,586	48,371

(b) Expenses from Operating Activities

Profit/Loss from ordinary activities before income tax has been determined after:

(i) Expenses

Professional Fees	257,085	76,710
Auditors Remuneration	5,360	41,050
Legal Fees	97,620	-
Directors Fees	117,045	82,470
Total Professional Fees	447,110	200,230
Rent	24,823	56,315
Diminution of Investments	265,085	-
Investment Expenses	53,423	-
Other	37,069	46,091
Total Other Expenses	380,400	102,406

CONSOLIDATED

2003 2002
\$ \$

16. Statement of Cash Flows

(a) Reconciliation of Cash Flows from Operations with Operating Profit (Loss) after Income Tax

Operating Profit (Loss) after Income Tax	(705,904)	(254,265)
Non Cash Movements		
- Increase in Prov'n for diminution – investments	265,085	-
- Outside Equity Interest	(20)	
Increase/(Decrease) in Accounts Payable	5,987	44,210
Decrease/(Increase) in Receivables	4,992	22,186
Decrease/(Increase) in Other Assets	16,505	(46,558)
Increase/(Decrease) in Other Liabilities	(19,942)	-
Cash Flows from Operations	<u>(433,297)</u>	<u>(234,427)</u>

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:

Cash	2,480,094	205,640
Term Deposit	<u>27,384</u>	<u>331,144</u>
	<u>2,507,478</u>	<u>536,784</u>

(c) Non-cash Financing and Investing Activities

Nil

17. Directors Options

Following shareholder approval at the AGM in May 2003 and as disclosed in the prospectus dated June 2003 the follow options were issued to directors:

Bryan Frost	750,000
Peter Marks	750,000
Jonathan Brett	750,000
Martin Soust	750,000
Jeremy Cooper	750,000

ANALYSIS

	30 June 2003	31 December 2002
<u>Dividends:</u>	N/A	N/A
<u>NTA</u>		
Net Assets	3,144,693	1,553,255
Intangible Assets	-	-
Number of Shares on Issue	24,426,804	36,828,101
Net Tangible Asset Backing	0.1287	0.0422
<u>Earnings Per Share</u>		
Net Loss	(705,904)	(614,121)
Weighted Average Shares	9,477,138 (7.45 cents)	34,905,024 (1.76 cents)

Controlled Entities Gained/Lost
See note 3

Associates & Joint Venture Entities
Nil

Foreign Accounting Standards
No foreign accounting standards have been used in preparing the 4D

AUDIT INFORMATION

The review of the half year accounts has been completed, the audit review report is attached.

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out in pages 4 to 14:
 - a. Comply with Accounting Standards AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - b. Give a true and fair view of the economic entity's financial position as at 30 June 2003 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director
Martin Soust

Dated this 29th day of August 2003.

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SELECT VACCINES LIMITED

Scope

We have reviewed the financial report of Select Vaccines Limited for the half-year ended 30 June 2003 in the form of the rule 4.2A.3 version of Appendix 4D of the Australian Stock Exchange Listing Rules, consisting of the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, accompanying additional notes and the directors' declaration set out on pages 4 to 15.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report.

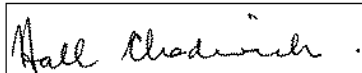
We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission and the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

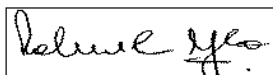
Statement

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 Select Vaccines Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position at 30 June 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



HALL CHADWICK
Chartered Accountants



ROBERT L YEO
Partner

Melbourne
29 August, 2003

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Brisbane
Adelaide
Perth
Cairns

National Association
Hall Chadwick

International Association
AGN International

Associations of
Independent Firms