

# Appendix 4D

## Half yearly report

Introduced 30/6/2002.

Name of entity

Sun Biomedical Limited

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
18 001 285 230	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 December 2010

### Results for announcement to the market

		Current	Previous	Movement
1.	Reporting period	31 Dec 2010	31 Dec 2009	
		\$	\$	%
2.1	Revenues from ordinary activities	312,001	3,668	8,506%
2.2	Profit / (loss) before tax	23,984	(157,281)	N/A
2.3	Net Profit / (loss) for the period attributable to members	23,984	(157,281)	N/A
2.4	Dividends (distributions)	Amount per ordinary share 2010	Amount per ordinary share 2009	
	Interim distribution	-	-	
	Final distribution	-	-	
2.5	Record date for determining entitlement to the final distribution	N/A	N/A	
	Date the final distribution is payable	N/A	N/A	
2.6	Commentary on Results and Explanatory Information. Refer to the Review of Operations in the Directors Report on page 2.			
		<b>31 Dec 2010</b>	<b>31 Dec 2009</b>	
3.	Net tangible assets per security (cents)	0.0683	0.0875	
4.	Details of entities over which control has been gained or lost during the period	N/A	N/A	
5.	Details of individual and total dividends or distributions and dividend or distribution payments	N/A	N/A	
6.	Dividend reinvestment plan	N/A	N/A	
7.	Details of associates and joint venture entities	Nil	Nil	

+ See chapter 19 for defined terms.

8.	Foreign entities accounting framework – all foreign subsidiaries dormant	N/A	N/A
9.	Audit dispute or qualification. This report is based on accounts which have been reviewed and the review report is attached to the half year report attached to this Appendix 4D.		

**If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.**

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**

**AND CONTROLLED ENTITIES**

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**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**

**AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Directors**

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

Terry Cuthbertson	Non Executive Director, Chairman
Peter Herd	Non Executive Director
Peter King	Non Executive Director (Resigned 28 October 2010)
Gary Stewart	Non Executive Director

**Review of Operations**

The Consolidated Entity profit for the six months ended 31 December 2010 was \$23,983 compared to a loss of \$157,281 for the six months ended 31 December 2009.

During the six months ended 31 December 2010 the Consolidated Entity continued to comply with its ASX listing requirements and evaluate any new investment opportunities. The board has requested further information on a number of investment proposals to enable further assessment.

On 15 November 2010 the Company entered into an Option Agreement for acquisition of Cottesloe Oil and Gas Pty Ltd (COG) which would have allowed the Company access to a Farmin Agreement. After further assessment the parties were unable to agree upon an appropriate transaction structure for the acquisition of COG and the proposed transaction for the Company was terminated.

While continuing to evaluate new investments opportunity, the Company has made strategic equity investments, which resulted in an unrealised profit of \$83,892.

During this reporting period the Consolidated Entity has received two outstanding notes from South American Iron and Steel Corporation Limited ("SAY") totally \$200,000 plus interest, and were elected to convert its final \$100,000 convertible note for 1,819,344 ordinary shares in SAY. 900,000 ordinary shares in SAY were sold realising profit of \$66,040. As at 31 December 2010 the Company held 2,519,344 ordinary shares in SAY. In November 2010 the Company entered into a Convertible Note Subscription Agreement with Mint Wireless Limited ("MNW") with 8 convertible notes being issued at a face value of \$25,000 at an interest rate of 15%.

In May 2010 the Company entered into a Deed of Company Arrangement ("DOCA") with OMI Holdings Limited ("OMI") with a view to participating in the recapitalisation of OMI. The Company made an initial contribution of \$15,000 to OMI, with an additional \$115,000 payable to the creditors' trust contingent upon OMI completing a share consolidation and a capital raising which would allow OMI to raise sufficient funds to continue its operations. In December 2010, the loan amount was fully repaid by OMI.

On 24 December 2010, the Company received a settlement of \$75,693 on Radiata Plantations Limited (in Liquidation) in regards to a pine forest plantation investment previously made by the Company.

**SUN BIOMEDICAL LIMITED  
ACN 001 285 230**

**AND CONTROLLED ENTITIES**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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



Director

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**Terry Cuthbertson**



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**Gary Stewart**

Dated this 25<sup>th</sup> day of February 2011

# Armstrong Partners

CHARTERED ACCOUNTANTS

## AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the review of Sun Biomedical Limited for the half- year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contravention of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sun Biomedical Limited and the entities it controlled during the period.



**Armstrong Partners**



**David Armstrong  
Partner**

Melbourne  
25 February 2011

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>Half year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Revenues	312,001	3,668
Compliance and Administrative expenses	(201,906)	(137,018)
Depreciation and amortisation expenses	-	(1,015)
Finance costs	-	(927)
Impairment write down of investments	(436)	-
Other expenses	(85,675)	(21,989)
<b>Profit/(Loss) before income tax</b>	<b>23,984</b>	<b>(157,281)</b>
Income tax expense	-	-
<b>Profit/(Loss ) for the period</b>	<b>23,984</b>	<b>(157,281)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income / (Loss) attributable to Equity Holders of the Parent Company</b>	<b>23,984</b>	<b>(157,281)</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted earnings / (loss) per share	0.001	(0.0139)

The financial statements should be read in conjunction with the accompanying notes.



**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	<b>31 Dec 2010</b>	<b>30 Jun 2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,060,875	1,163,996
Trade and other receivables	20,102	13,743
<b>TOTAL CURRENT ASSETS</b>	1,080,977	1,177,739
<b>NON-CURRENT ASSETS</b>		
Investments	536,886	428,789
<b>TOTAL NON-CURRENT ASSETS</b>	536,886	428,789
<b>TOTAL ASSETS</b>	1,617,863	1,606,528
<b>CURRENT LIABILITIES</b>		
Trade and other payables	33,699	46,348
<b>TOTAL CURRENT LIABILITIES</b>	33,699	46,348
<b>TOTAL LIABILITIES</b>	33,699	46,348
<b>NET ASSETS</b>	1,584,164	1,560,180
<b>EQUITY</b>		
Issued capital	29,399,862	29,399,862
Reserves	22,600	22,600
Accumulated losses	(27,838,298)	(27,862,282)
<b>TOTAL EQUITY</b>	1,584,164	1,560,180

The financial statements should be read in conjunction with the accompanying notes.

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	27,833,891	(27,551,515)	59,600	341,976
Share issued during half year	1,010,553	-	-	1,010,553
Transfer to/(from) reserves	-	37,000	(37,000)	-
Transaction costs	(167,643)	-	-	(167,643)
Total comprehensive (loss) for the period	-	(157,281)	-	(157,281)
<b>Balance at 31 December 2009</b>	<b>28,676,801</b>	<b>(27,671,796)</b>	<b>22,600</b>	<b>1,027,605</b>
<b>Balance at 1 July 2010</b>	<b>29,399,862</b>	<b>(27,862,282)</b>	<b>22,600</b>	<b>1,560,180</b>
Total comprehensive income for the period	-	23,984	-	23,984
<b>Balance at 31 December 2010</b>	<b>29,399,862</b>	<b>(27,838,298)</b>	<b>22,600</b>	<b>1,584,164</b>

The financial statements should be read in conjunction with the accompanying notes.

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>Half year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Management fees received	60,000	-
Payments to suppliers and employees	(303,840)	(191,617)
Dividend received	1,600	-
Interest received	20,752	3,668
	<hr/>	<hr/>
Net cash used in operating activities	(221,488)	(187,949)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of equity investments	81,774	-
Purchase of equity investments	(90,934)	-
Investment recovery	75,693	-
Loans repaid by other entities	562,138	-
Loan investment to other entities	(510,304)	-
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	118,367	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	1,010,553
Transaction costs	-	(167,643)
	<hr/>	<hr/>
Net cash provided by financing activities	-	842,910
Net increase/ (decrease) in cash held	(103,121)	654,961
Cash at start of period	1,163,996	371,670
	<hr/>	<hr/>
<b>Cash at end of period</b>	<b>1,060,875</b>	<b>1,026,631</b>

The financial statements should be read in conjunction with the accompanying notes.

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**

**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**NOTE 1: BASIS OF PREPARATION**

The general purpose half year financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 "Interim Financial Reporting" which ensures compliance with International Accounting Standard IAS 34: "Interim financial Reporting".

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Sun Biomedical Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under Australian Securities Exchange listing rules and the Corporations Act 2001, up to the date of the directors' declaration.

This interim report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2010 annual report, unless otherwise stated.

**NOTE 2: DIVIDENDS**

No dividends were declared or paid in the respective reporting periods.

**NOTE 3: CONTINGENT LIABILITIES**

There are no contingent assets or contingent liabilities as at 31 December 2010.

**NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no material events subsequent to reporting date.

**SUN BIOMEDICAL LIMITED**  
**ACN 001 285 230**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 9 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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

\_\_\_\_\_  
**Terry Cuthbertson**



\_\_\_\_\_  
**Gary Stewart**

Dated this 25<sup>th</sup> day of February 2011

# Armstrong Partners

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUN BIOMEDICAL LIMITED

### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Sun Biomedical Limited which comprises the consolidated statement of financial position as at 31 December 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half -year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity. The Consolidated entity comprises both Sun Biomedical Limited (the Company) and the entities it controlled during that half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Sun Biomedical Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such controls as the directors determine in necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### **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 2010 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 Sun Biomedical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of 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.

While we considered the effectiveness of management 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 analysis of the prudence of business decisions made by directors or management.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

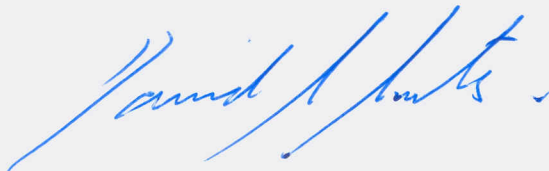
**Conclusion**

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 the Sun Biomedical Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.



**Armstrong Partners**



**David Armstrong  
Partner**

Melbourne  
25 February 2011