



CBio Limited

ACN 76 094 730 417

Appendix 4E Preliminary Final Report 30 June 2010

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Report for the financial year end:	30 June 2010
Previous corresponding reporting period :	30 June 2009

Summary of Financial Information

The loss after tax of the Company for the year ended 30 June 2010 was \$16,787,189 (2009: \$12,747,758 loss). The increased loss during the year can largely be attributed to increased borrowing costs relating to the issue of convertible notes during the year, and initial public offering costs.

Total revenue during the year increased to \$85,261 (2009: \$20,712). Other income movements related to a decline in government grant income of \$1,142,108 and increases in fair value.

CBio Limited incurred total expenses of \$17,466,699 during the year ended 30 June 2010 (2009: \$14,089,970). The expenditure recognised comprised of \$13,762,322 (2009: \$15,813,863) in cash expenses and \$3,704,377 (2009: \$1,723,893) in non cash costs. Non cash costs comprised share based payments of \$373,655 (2009: \$1,455,551), non cash interest of \$2,641,429 (2009:\$nil) and depreciation costs of \$232,698 (2009: \$268,342). The Company also incurred \$1,303,422 in IPO expenses, of which \$456,604 were non-cash relating to the issue of shares and options to advisors.

Research and development activities, including the current 150-patient phase IIa clinical trial in Rheumatoid Arthritis (RA), accounted for the bulk of the expenses incurred during the year. Patient recruitment into the trial increased from 72 to 114 patients in the year to 30 June 2010. Borrowing costs, staffing and administration costs are the other significant areas of expense.

The net deficiency in assets of the Company was reduced during the year by \$6,027,918 to \$4,776,893 (2009: Net deficiency \$10,804,811). Total assets have increased to \$4,487,629, of which \$3,433,448 is cash (2009: \$40,335). The Company's Issued Capital has increased from \$47,947,588 to \$68,291,037 during the year, with new capital raised from a variety of sources, including an IPO, Information Memorandum and the conversion of Convertible Notes.

The Company has not gained or lost control of any entity during the reporting period. There were no associated or joint venture entities during the reporting period.

Results	\$	Percentage increase/(decrease) over previous corresponding period
Revenue from ordinary activities	85,261	311.7
Profit/(loss) from ordinary activities after tax attributable to members	(16,787,189)	31.7
Net profit/(loss) for the period attributable to members	(16,787,189)	31.7

Net Tangible Asset Backing	2010	2009
Net tangible asset backing per ordinary security	(0.06)	(0.26)
Dividends	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

The Company is not yet profitable and therefore there can be no assurance that CBio will become profitable or will pay dividends in the near future. Should any dividends be paid in the future, no assurances can be given as to the level of franking credits attaching to such dividends.

Statement of accumulated losses	2010	2009
Balance at the beginning of the year	(75,380,639)	(62,632,881)
Net loss attributable to members of the parent entity	(16,787,189)	(12,747,758)
Balance at end of the year	(92,167,828)	(75,380,639)

Audit Report

The financial report is in the process of being audited. There are no likely disputes or qualifications to the accounts. The auditor has however indicated the audit report for 30 June 2010 will contain an emphasis of matter titled "Material Uncertainty Regarding Continuation as a Going Concern" consistent with prior periods.

Significant Dates

Annual General Meeting *	19 November 2010
Annual Report and Notice of Meeting Mailed	No later than 18 October 2010

* The Annual General Meeting will be held in the East Auditorium at the BTP Technology & Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, Queensland at 11am.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Continuing Operations			
Interest received		85,261	20,712
Total revenue		<u>85,261</u>	<u>20,712</u>
Fair value movement of derivative		569,583	144,331
Government grants		-	1,142,108
Other income		24,666	35,061
Capital raising costs	2a	(1,764,430)	(180,038)
Borrowing costs expense	2b	(3,173,145)	(395,467)
Administration & corporate expenses		(1,766,199)	(1,311,062)
Staff costs	2c	(3,293,734)	(3,379,734)
Rent & occupancy expense		(432,393)	(450,390)
Share based payment expense		(373,655)	(1,455,551)
Depreciation & amortisation	2d	(232,689)	(268,342)
Research and development costs	2e	(5,429,117)	(5,544,365)
Patent costs		(293,920)	(554,714)
Business development		(707,417)	(550,307)
Loss before income tax from continuing operations		<u>(16,787,189)</u>	<u>(12,747,758)</u>
Income tax expense		-	-
Loss from continuing operations after income tax		<u>(16,787,189)</u>	<u>(12,747,758)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(16,787,189)</u>	<u>(12,747,758)</u>
(Loss)/gain per share (cents per share)			
Basic/Diluted – Continuing operations	11	(24.89)	(32.06)

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash and cash equivalents		3,433,448	40,335
Trade and other receivables	3a	55,807	14,765
Other current assets	4	271,403	51,024
Total current assets		3,760,658	106,124
Non-Current Assets			
Property, plant and equipment	5	232,856	454,826
Trade and other receivables	3b	155,967	150,000
Intangible assets	6	-	-
Other non-current assets	4	338,148	-
Total Non-Current Assets		726,971	604,826
Total Assets		4,487,629	710,950
Current Liabilities			
Trade and other payables	7	2,195,305	5,977,398
Financial liabilities	8a	3,616,921	820,441
Short-term provisions	9a	158,851	151,982
Unearned income	10	3,182,848	2,086,158
Total current liabilities		9,153,925	9,035,979
Non-Current Liabilities			
Long-term provisions	9b	110,597	74,646
Financial liabilities	8b	-	2,405,136
Total Non-Current Liabilities		110,597	2,479,782
Total Liabilities		9,264,522	11,515,761
Net Deficiency		(4,776,893)	(10,804,811)
Equity			
Issued Capital		68,291,037	47,947,588
Reserves		19,099,898	16,628,240
Accumulated Losses		(92,167,828)	(75,380,639)
Total Deficiency in Equity		(4,776,893)	(10,804,811)

The Statement of Financial Position is to be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
ISSUED CAPITAL			
Balance at 1 July		47,947,588	45,306,148
Gross issue of share capital		22,308,111	2,884,300
Cost of capital raising		(1,964,662)	(242,860)
Balance at 30 June		<u>68,291,037</u>	<u>47,947,588</u>
ACCUMULATED LOSSES			
Balance at 1 July		(75,380,639)	(62,632,881)
Loss for the year		(16,787,189)	(12,747,758)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(16,787,189)</u>	<u>(12,747,758)</u>
Balance at 30 June		<u>(92,167,828)</u>	<u>(75,380,639)</u>
RESERVES			
Balance at 1 July		16,628,240	14,101,394
Net convertible note issuance/conversion to equity		2,098,003	1,072,295
Equity-based compensation		373,655	1,454,551
Balance at 30 June		<u>19,099,898</u>	<u>16,628,240</u>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes..

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash flows from/(used in) operating activities			
Payments to suppliers and employees		(16,375,922)	(9,809,722)
Grant income received		-	1,245,880
Cash received in the course of operations		1,549,259	2,160,688
Interest received		85,261	20,712
Interest paid		(460,633)	(124,836)
Net cash used in operating activities		(15,202,035)	(6,507,278)
Cash flows from/(used in) investing activities			
Bank guarantee deposit		-	31,597
Purchase of Plant and equipment		(10,719)	(60,476)
Net cash (used in)/provided by investing activities		(10,719)	(28,879)
Cash flows from/(used in) financing activities			
Proceeds from issue of shares		15,066,717	2,693,735
Proceeds from issue of convertible notes		5,550,000	3,210,000
Repayment of borrowings		(146,000)	(24,000)
Share issue costs		(2,240,965)	(141,610)
Proceeds from borrowings		376,115	802,000
Net cash provided by financing activities		18,605,867	6,540,125
Net increase/(decrease) in cash held		3,393,113	3,968
Cash at beginning of the financial period		40,335	36,367
Cash at the end of the financial period		3,433,448	40,335

The Statement of Cash Flows is to be read in conjunction with the accompanying notes

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

Note 1. Basis of preparation

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited financial report. The financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary financial report does not include all notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009, the half-year report for the period ended 31 December 2009 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. These policies have been consistently applied to all the years presented except as noted below.

This report is based on the Financial Report which is in the process of being audited.

The current reporting period in the preliminary financial report is the year ended 30 June 2010 while the previous corresponding period is the year ended 30 June 2009.

	2010 \$	2009 \$
Note 2. Expenses		
<i>(a) Capital Raising Costs</i>		
Initial public offer costs	1,303,422	-
Commission expense	461,008	180,038
	1,764,430	180,038
<i>(b) Borrowing Costs</i>		
Interest expense on Convertible notes:		
- Related entities	25,330	25,754
- External	476,284	58,687
Non cash interest on convertible notes	2,391,429	-
Other borrowing costs	280,102	311,026
	3,173,145	395,467

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

	2010 \$	2009 \$
Note 2. Expenses (cont'd)		
<i>(c) Staff Costs</i>		
Salaries, wages & fees	2,835,839	2,859,990
Superannuation	223,627	237,959
Payroll tax	165,638	162,262
Employee entitlements	42,821	68,339
Other staff costs	25,809	51,184
	3,293,734	3,379,734
<i>(d) Depreciation and amortisation</i>		
Depreciation of non-current assets:		
Leasehold improvements	22,436	22,436
Plant and equipment	210,253	245,906
	232,689	268,342
<i>(e) Research and development</i>		
Clinical trial costs	2,949,545	3,007,566
Drug production and supply	2,156,379	1,838,789
Other research and development costs	323,193	698,010
	5,429,117	5,544,365

Note 3. Trade and other receivables

(a) Current

Trade debtors	55,807	14,765
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Terms and conditions

All receivables are non-interest bearing and are usually settled on terms of between 30 and 45 days. Credit risk is assessed as low on all receivables as CBio only deals with recognised credit worthy third parties. Credit risk assessments on an individual transaction basis are made by management.

(b) Non-current

Bank Guarantee Deposit (i)	155,967	150,000
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(i) Guarantee deposit lodged with the Company's bank as support for the building lease of the facility at Eight Mile Plains which was tenanted by the company in April 2005.

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

	2010 \$	2009 \$
Note 4. Other assets		
Current – Prepayments	271,403	51,024
Non current – Prepayments	338,148	-
Note 5. Plant and equipment		
Total property, plant & equipment		
- At Cost	1,828,337	1,817,618
- Accumulated Depreciation	(1,595,481)	(1,362,792)
Total written down value	232,856	454,826
Leasehold Improvements		
At cost	147,201	147,201
Provision for depreciation	(103,262)	(80,826)
	43,939	66,375
Movement in carrying value		
Carrying value at the beginning of the year	66,375	88,811
- Additions	-	-
- Depreciation	(22,436)	(22,436)
Carrying value at the end of the year	43,939	66,375
Plant & Equipment		
At cost	1,681,136	1,670,417
Provision for depreciation	(1,492,219)	(1,281,966)
	188,917	388,451
Movement in carrying value		
Carrying value at the beginning of the year	388,451	573,880
- Additions	10,719	60,477
- Depreciation	(210,253)	(245,906)
Carrying value at the end of the year	188,917	388,451

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

	2010 \$	2009 \$
Note 6. Intangible assets		
Intellectual property	4,125,000	4,125,000
Provision for recoverability (i)	(4,125,000)	(4,125,000)
	-	-

(i) The Directors have provided against the notional book value of the intellectual property purchased given the risks and uncertainties associated with the continued research and development and ultimate commercialisation of this asset.

Note 7. Trade and other payables

Trade payables	1,123,605	4,557,348
Accrued expenses	996,735	921,676
Director and director related entities	74,965	498,124
Shares to be allotted	-	250
	2,195,305	5,977,398

Terms and conditions of Payables

Trade creditors are non-interest bearing and are normally settled on 30-day terms. Director and director related entity payables are non-interest bearing and are payable for services provided in the ordinary course of operations.

Note 8. Financial liabilities

(a) Current

Convertible notes (i)	3,227,740	710,000
Embedded derivative in convertible notes (i)	338,838	-
Interest payable on Convertible Notes	50,343	84,441
Loan liabilities:- Related entity	-	26,000
	3,616,921	820,441

(b) Non Current

Convertible notes (i)	-	1,746,714
Embedded derivative in convertible note (i)	-	658,422
	-	2,405,136

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

Note 8. Financial liabilities (cont'd)

(i) *SpringTree Notes*

During the year the Company issued 2 Convertible Notes ("SpringTree Notes") under a Convertible Loan Agreement dated 17 May 2010, raising a total of \$350,000. These notes have face values of between \$150,000 and \$200,000 and are non-interest bearing. The notes are repayable on the following terms:

- On maturity, the Note shall convert into new Ordinary Shares of the Company determined by dividing the Principal Amount to be converted by the lesser of:
 - 140% of the average of the daily VWAPs per Share for the twenty (20) consecutive Trading Days immediately prior to 16 May 2010; and
 - 90% of the lowest daily VWAP per Share during the twenty (20) Trading Days immediately prior to the Repayment Date of that Repayment, (the Conversion Price)

On each repayment date, the Company shall grant the Investor, Options in the number equal to 20% of the number of the new Ordinary Shares issued or issuable on that repayment date, exercisable at a price equal to 130% of the Conversion Price applicable to the repayment.

During the year, one SpringTree Note was converted to equity, with one SpringTree Note with a face value of \$150,000 remaining outstanding at the balance date. The facility has mandatory monthly draw down amounts of \$150,000 to be converted/repaid in one month. A liability of \$250,000 has been recorded to represent the fair value of this obligation.

Other Notes

During the year, the Company issued 19 Convertible Notes ("Other Notes") under a Convertible Note Deed dated 30 August 2007 raising a total of \$5,200,000. The notes have varying face values and interest of between 10% and 20% per annum is payable monthly. In addition, notes may be converted to shares in CBio Limited in accordance with the terms of each note.

Notes have a life of no greater than six months unless extended for a further period if agreed by CBio and the Note holder. 14 of the Notes issued during the period were converted to equity during the year. 5 Other Notes, with a combined face value of \$4,125,000, remain outstanding at the balance date.

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

	2010 \$	2009 \$
Note 9. Provisions		
(a) Short-term employment provisions (i)	158,851	151,982
(b) Long-term employment provisions (ii)	110,597	74,646
	269,448	226,628
Movement in carrying value		
At 1 July	226,627	158,288
Accrued in the period	247,945	149,663
Used in the period	(205,124)	(81,324)
At 30 June	269,448	226,627

- (i) Short Term Provisions represent the estimated costs in respect of current employment benefits payable to Company employees. The provision for current employment benefits includes accrued annual leave and related on-costs payable on the accrued entitlements. It is expected these costs will be settled by 30 June 2011.
- (ii) Long Term Provisions represent the estimated costs in respect of non-current employment benefits payable to Company employees. The provision for non-current employment benefits includes accrued long-service leave and related on-costs payable on the accrued entitlements. Due to the nature of the provision, the company is unable to determine a date by which these costs will be settled, however no costs are expected to be settled prior to 30 June 2011.

Note 10. Unearned income

Unearned income (i)	3,182,848	2,086,158
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(i) Unearned income represents the fees received from Novo Nordisk A/S in relation to the agreement with CBio in 2007. The amount will not be recorded as income until the terms contained in the agreement are satisfied.

Note 11. Earnings per share

Basic/Diluted (loss) per share (cents per share) – continuing operations	(24.89)	(32.06)
Basic/Diluted (loss)/earnings per share (cents per share) – attributable to the members of the company	(24.89)	(32.06)

Income and share data used in the calculation of basic & diluted earnings per share:

Loss from continuing operations after income tax expense	(16,787,189)	(12,747,758)
Loss attributable to members of the parent entity	(16,787,189)	(12,747,758)

Weighted average number of ordinary shares outstanding during the year used in calculation of basic & diluted EPS	67,443,107	39,762,642
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NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

	2010 \$	2009 \$
Note 11. Earnings per share (cont'd)		
Effect of dilutive securities:		
- Share options	-	-
-Convertible Notes	-	-
Adjusted weighted average number of ordinary shares outstanding during the year used in calculation of basic & diluted EPS (i)	67,443,107	39,762,642
(i) As at the balance date, there are 32,732,997 share options on issue, 11,250,000 potential shares and 5,125,000 potential options which may be issued upon conversion of outstanding Convertible Notes, giving a total potential shares which may be issued of 49,107,997. These potential ordinary shares have not been taken into account when calculating the diluted loss per share due to their anti-dilutive nature.		
(ii) In addition to amounts disclosed in note (i) additional shares and options may be issued under the SpringTree facility as disclosed in Note 8 (i). The facility is a \$12.45 million AUD facility. Given the formula required to determine shares and options to be issued relies on future share prices, estimates of issuable shares and options cannot be made and will depend on future use of the facility. 800,000 shares have been issued as security for this facility. These shares will be cancelled on the completion of the facility.		

Note 12. Subsequent events

On July 15, the Company issued 637,213 shares and 127,443 options to the SpringTree Special Opportunities Fund LP as repayment of a \$150,000 convertible note outstanding at 30 June 2010. The conversion price for the Note was \$0.2354 per share. The options have an exercise price of \$0.306 and an expiry date of 15 July 2015.

In July the Company issued 28,670 shares to a financial advisor in lieu of the payment of commission on the \$150,000 Convertible Note converted to equity by SpringTree Special Opportunities Fund LP on 15 July.

In July the Company issued a further \$150,000 convertible note pursuant to the SpringTree agreement announced to the market on 17 May 2010. This note was repaid on 16 August by the issue of 833,333 shares and 166,667 options. The price at which the Note was converted to equity was \$0.18 per share. The share options were issued with an exercise price of \$0.234 and an expiry date of 16 August 2015.

In August the Company issued a \$150,000 convertible note pursuant to the SpringTree agreement. This note is repayable on 16 September 2010.

Note 13. Segment reporting

The Company operates as a research and development company in the pharmaceutical industry. The activities of the Company take place primarily in Australia.

NOTES TO FINANCIAL INFORMATION

For the year ended 30 June 2010

Note 14. Corporate structure

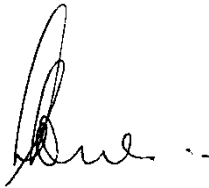
CBio Limited is a company limited by shares that is Incorporated and domiciled in Australia. CBio Limited is listed on the Australian Securities Exchange. During the year ending 30 June 2010 there were no controlled entities.

The registered office and principal place of business is:

CBio Limited
85 Brandl St
Eight Mile Plains, QLD, 4113

COMPLIANCE STATEMENT

1. This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
2. This Appendix 4E, and the accounts upon which the Appendix 4E is based, use the same accounting policies.
3. This Appendix 4E does give a true and fair view of the matters disclosed.
4. This Appendix 4E is based on financial statements which are in the process of being audited.
5. The entity has a formally constituted audit committee.
6. In the directors opinion, there are reasonable grounds to believe that the company still be able to pay its debts as and when they become due and payable.



STEPHEN JONES

Executive Chairman

30 August 2010