

7 December 2010

The Manager
Company Announcements Office
ASX Limited
20 Bridge St
SYDNEY NSW 2000

Dear Sir,

CHANGE IN SUBSTANTIAL HOLDING

The Company received a substantial shareholder notice from Dr Michael Monsour in relation to the disposal of shares acquired under the Rights Issue shortfall at the direction of the ASX.

For the avoidance of doubt, the disposal was required by the ASX due to an unintentional breach of ASX Listing Rule 10.11.

Attention is drawn to the following extract from the announcement made by the Company earlier today.

“On 22 November 2010, the Company lodged Appendix 3Y’s in relation to shares acquired by entities associated with Professor John Funder and Dr Michael Monsour as part of the Shortfall to the recent Rights Issue offered by the Company.

The Company was subsequently advised by the ASX that the issue of shares to directors under the Shortfall required prior shareholder approval. As the Company has not received prior shareholder approval the issue was therefore in breach of Listing Rule 10.11. To rectify the breach, the ASX requested that the shares acquired by the Directors under the Shortfall be disposed.

The shares have been disposed of in accordance with the directions of the ASX. The shares were disposed of at a price equivalent to the issue price and therefore no profit was made on this unintentional breach. Appendix 3Y’s are attached to this notice.

The breach of Listing Rule 10.11 was inadvertent and unintentional and the Company has taken steps to ensure such a breach is not repeated in the future.

Both Dr Monsour and Professor Funder remain shareholders in CBio and are fully supportive of the Company. Dr Monsour has a relevant interest in 9.7 million CBio shares (8.14% of the issued capital of the Company) and 3.1 million options and recently acquired 3.8 million shares under the ‘entitlement’ portion of the Right’s Issue. Professor Funder has a relevant interest in 100,000 shares and 1 million share options.”

For and on behalf of the Company.

BEN GRAHAM
Company Secretary

COMPANY & INVESTOR RELATIONS

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About CBio

CBio is an Australian ASX listed company established in 2000. CBio's lead product XToll® is a potential new-generation drug therapy which could provide safer and more effective treatment of autoimmune diseases such as rheumatoid arthritis. It is currently being trialled in phase II clinical trials in patients with rheumatoid arthritis (RA). Global sales of RA therapies exceeded US\$17 billion in 2008.

Novo Nordisk A/S, a top 20 global pharmaceutical company and world-leader in diabetes care, has an exclusive option to enter into a licence agreement for the intellectual property rights relating to XToll®.

CBio's Board includes internationally experienced drug developers including Dr Goran Ando, Vice-Chairman Novo Nordisk A/S (formerly president of R&D at Pharmacia/Pfizer and R&D director of Glaxo Group, UK); Dr Peter Corr, Founder and co-General Partner of Celtic Therapeutics (formerly Senior Vice-President for Science and Technology at Pfizer and Chairman of the Board of Governors, New York Academy of Sciences); and Professor John Funder, AO, Professor of Medicine at Monash University, Senior Fellow at Prince Henry's Institute of Medical Research (formerly Director of the Baker Institute, 1990-2001).

About Rheumatoid Arthritis

Rheumatoid Arthritis is a chronic autoimmune disease, mainly characterised by inflammation of the lining of the joints. It can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The effects of RA are systemic, which means it can affect other organs in the body, and cardiovascular dysfunction in addition to RA is common. RA symptoms can make even the simplest activities – such as opening a jar or taking a walk – difficult to manage. RA has a worldwide distribution with a prevalence of 1 to 2% – which currently equates to approximately 100 million people. Prevalence increases with age, approaching 5% in women over age 55. RA is two to three times more common in women than in men and generally occurs between the ages of 40 and 60, but it can also affect young children and older adults. Currently, there is no cure.

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme CBio Limited

ACN/ARSN 094 730 417

1. Details of substantial holder (1)

Name DR MICHAEL MONSOUR

ACN/ARSN (if applicable)

There was a change in the interests of the substantial holder on

3/12/2010

The previous notice was given to the company on

18/11/2010

The previous notice was dated

18/11/2010

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary	10,960,513	9%	9,746,407	8%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
25/11/10	AUSTRALIAN TECHNOLOGY INNOVATION FUND LIMITED	OFF-MARKET TRANSFER	\$16,326	79,637 ORDINARY SHARES	79,637
3/12/10	MPAMM PTY LTD	OFF-MARKET TRANSFER TO SATISFY LISTING RULE BREACH	\$25,000	156,250 ORDINARY SHARES	156,250
3/12/10	MP MONSOUR MEDICAL PRACTICE PTY LTD	OFF-MARKET TRANSFER TO SATISFY LISTING RULE BREACH	\$156,515	978,219 ORDINARY SHARES	978,219

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
DR MICHAEL MONSOUR	DR MICHAEL MONSOUR	DR MICHAEL MONSOUR	BENEFICIAL OWENER	65,464 ORDINARY SHARES	65,464
DR MICHAEL MONSOUR	MP MONSOUR MEDICAL PRACTICE PTY LTD	MP MONSOUR MEDICAL PRACTICE PTY LTD	DIRECTOR & SHAREHOLDER	2,785,848 ORDINARY SHARES	1,807,629
DR MICHAEL MONSOUR	MPAMM PTY LTD	MPAMM PTY LTD	DIRECTOR & SHAREHOLDER	7,540,691 ORDINARY SHARES	7,384,441
DR MICHAEL MONSOUR	AUSTRALIAN TECHNOLOGY INNOVATION FUND LTD	AUSTRALIAN TECHNOLOGY INNOVATION FUND LTD	DIRECTOR & SHAREHOLDER	368,755 ORDINARY SHARES	289,118

DR MICHAEL MONSOUR	AUSTRALIAN BIOFUNDS INVESTMENTS LIMITED	AUSTRALIAN BIOFUNDS INVESTMENTS LIMITED	DIRECTOR & SHAREHOLDER	199,755 ORDINARY SHARES	199,755
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5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
DR MICHAEL MONSOUR	297 KENT ST MARYBOROUGH QLD 4065
MPAMM PTY LTD	297 KENT ST MARYBOROUGH QLD 4065
MP MONSOUR MEDICAL PRACTICE PTY LTD	297 KENT ST MARYBOROUGH QLD 4065
AUSTRALIAN TECHNOLOGY INNOVATION FUND LIMITED	85 BRANDL ST EIGHT MILE PLAINS QLD 4113
AUSTRALIAN BIOFUNDS INVESTMENTS LIMITED	PO BOX 3104 SOUTH BRISBANE QLD 4101

Signature

print name DR MICHAEL MONSOUR

capacity

sign here

Michael Monsour

date

07/12/2010

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included on any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.
