

Phylogica Limited

ACN 098 391 961

Appendix 4D

Half-Year Statement

Period ending 31 December 2010

Results for announcement to the market

Operating Performance	% Increase/ (Decrease)	31 Dec 2010 \$,000	31 Dec 2009 \$,000
Revenue for Ordinary Activities	Up 1,318%	1,773	125
(Loss) from ordinary activities after tax attributable to members	Down 61%	(922)	(2,384)
Net (Loss) for the half year attributable to members	Down 61%	(922)	(2,384)

Phylogica Overview

Phylogica Limited (ASX: PYC) is a biotechnology company based in Perth, Australia and Oxford, UK, with a world-class drug discovery platform harnessing the rich biodiversity of nature to discover novel peptide therapeutics. The Company was incorporated in 2001 as a spin out from the Telethon Institute for Child Health Research (Perth, Australia). The Company's Phylomer® libraries have been optimised by natural evolutionary selection for peptides with stable drug-like structures. The unique qualities of Phylogica's Phylomer libraries are validated by its partnerships with Roche, MedImmune (the worldwide biologics unit of AstraZeneca) and Pfizer.

Continued Progress in First Six Months of FY2011

The Company has continued to make excellent progress in its business model designed to drive revenue growth and build value through drug discovery partnerships. In the first six months of the financial year, the Company generated revenue of AU\$1.69 million and signed two substantial partnerships with AstraZeneca and Pfizer respectively. This brings the Company's total number of partnerships with major Pharma to three since initiating its discovery alliance strategy in 2009. The two recent deals could generate more than US\$230 million in payments to Phylogica, as well as royalties on worldwide sales of any drugs derived from the collaborative research.

Financial Strength

Phylogica's net cash balance as at 31 December 2010 was AU\$1.80 million. Since the end of the period, the Company has strengthened its financial position and has been cash generative. In January 2011, cumulative receipts or invoices from Phylogica's partners amounted to AU\$0.94 million versus the company's operating costs of about AU\$0.44 million per month.

Outlook

Through its focused strategy, Phylogica is targeting cash sustainability in 2012. Over the next 12 months, the Company aims to progress and/or expand its three current partnerships in addition to signing at least three new partnerships with leading pharmaceutical and biotech companies. The Company is also pursuing opportunities to expand its capabilities and open up new revenue streams through collaborations with other biotech companies, such as Isogenia, and with academic groups, such as Cambridge University. It's an exciting period for the Company and the Board of Directors are confident that the management team can deliver on its goals.

Dividends

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial half year ended 31 December 2010.

Phylogica Limited

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Appendix 4D

Half-Year Statement

Period ending 31 December 2010

Net tangible assets per ordinary security	31 December 2010	31 December 2009
Net tangible assets	\$801,010	\$1,599,980
Number of shares on issue at reporting date	283,426,617	235,751,764
Net tangible assets per ordinary security	0.3 cents	0.7 cents

Control Gained or Lost over Entities

Not applicable

Associates and joint ventures

Not applicable

Foreign Entities Accounting Framework

Not applicable

Audit/Review Status

This Appendix 4D and the attached interim financial statement are based on accounts which have been subjected to review. The accounts are not subject to audit dispute or qualification.

The attached interim financial statements for the half-year ended 31 December 2010 form part of this Appendix 4D. This half-year report is to be read in conjunction with the Phylogica Limited 2010 annual financial statements and the notes contained therein.

Directors

Dr Douglas Wilson
Executive Chairman

Dr Paul Watt
CEO and Executive Director

Mr Nicolas Woolf
CFO and Executive Director

Mr Bruce McHarrie
Non-Executive Director

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Company Secretary

Mr Greg MacMillan
Telephone: 08 9325 8888
Facsimile: 08 9325 8088
Email: gmacmillan@australianheritage.com.au

Registered Office

Level 22
77 St George's Terrace
Perth
Western Australia 6008
Telephone: 08 9325 8888
Facsimile: 08 9325 8088
Website: www.phylogica.com

Share Registry

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross
Western Australia 6953
770 Canning Highway
Applecross
Western Australia 6153
Telephone: 08 9315 2333
Facsimile: 08 9315 2233
Email: registrar@securitytransfer.com.au

Principal Place of Business

Telethon Institute for Child Health Research
100 Roberts Road
Subiaco
Western Australia 6008

Bankers

Australia and New Zealand Banking Group
Subiaco Branch
464 Hay Street
Subiaco
Western Australia 6008

Incorporated in Western Australia, October 2001
Listed on:

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000
PO Box 8124
Perth BC, WA 6849

Australian Securities Exchange (ASX)
Home Exchange: Perth
Code: PYC ordinary shares

Frankfurt Exchange
Code: PH7 ordinary shares

Phylogica Limited Directors' Report

The directors present their report on Phylogica Limited and its controlled entity (referred to in these financial statements as "the Group" or "Phylogica") together with the financial statements for the half-year ended 31 December 2010 and the review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

Non-executive

Mr Bruce McHarrie

Mr Harry Karelis (resigned 6 December 2010)

Mr Anthony Barton (resigned 13 July 2010)

Executive

Dr Doug Wilson

Dr Paul Watt

Mr Nicolas Woolf

Unless otherwise indicated, all Directors held their position as a Director throughout the entire half year and up to the date of this report.

COMPANY REVIEW

Please refer to the Appendix 4D Results for announcement to the market.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the directors:

Nick Woolf
Director



Perth
24 February 2011

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Phylogica Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
24 February 2011



N G NEILL
Partner, HLB Mann Judd

Phylogica Limited
 Condensed Consolidated Statement of Financial Position
 As at 31 December 2010

		Consolidated	
	<i>Note</i>	31 Dec 2010	30 June 2010
		\$	\$
Current assets			
Cash and cash equivalents		1,795,317	1,281,044
Trade and other receivables		620,132	124,417
Total current assets		2,415,449	1,405,461
Non-current assets			
Property, plant and equipment	4	216,526	164,579
Total non-current assets		216,526	164,579
Total assets		2,631,975	1,570,040
Current liabilities			
Trade and other payables		331,023	603,991
Employee benefits	9	159,399	95,303
Deferred government grants and unearned income		-	44,727
Interest bearing liabilities	10	1,298,097	1,237,691
Total current liabilities		1,788,519	1,981,712
Non-current liabilities			
Employee benefits	9	42,446	25,408
Total non-current liabilities		42,446	25,408
Total liabilities		1,830,965	2,007,120
Net assets		801,010	(437,080)
Equity			
Issued capital	2	24,170,924	21,973,323
Reserves		977,165	1,015,122
Accumulated losses	2	(24,347,079)	(23,425,525)
Total equity attributable to members of Phylogica Limited		801,010	(437,080)

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 10 to 13.

Phylogica Limited
 Condensed Consolidated Statement of Cash Flows
 For the half year ended 31 December 2010

	<i>Note</i>	Consolidated	
		31 Dec 2010	31 Dec 2009
		\$	\$
Cash flows from operating activities			
Income received		1,248,338	90,198
Cash paid to suppliers and employees		(2,830,094)	(2,231,295)
Cash used in operations		(1,581,756)	(2,141,097)
Interest received		40,968	43,786
Income taxes refunded		-	123,078
Net cash from operating activities		(1,540,788)	(1,974,233)
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(100,580)	(20,797)
Proceeds from sale of property, plant and equipment		-	15,603
Net cash from investing activities		(100,580)	(5,194)
Cash flows from financing activities			
Proceeds from the issue of share capital	2	2,357,517	2,000,000
Payment of transaction costs	2	(201,876)	(120,000)
Proceeds from borrowings		-	100,000
Net cash from financing activities		2,155,641	1,980,000
Net increase in cash and cash equivalents		514,273	573
Cash and cash equivalents at 1 July		1,281,044	3,072,905
Cash and cash equivalents at 31 December		1,795,317	3,073,478

This condensed consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 10 to 13.

Phylogica Limited
 Condensed Consolidated Statement of Changes in Equity
 For the half year ended 31 December 2010

	Note	Share Capital	(Accumulated Losses)	Reserves	Total
Balance at 1 July 2009		20,093,323	(18,852,700)	670,621	1,911,244
Loss attributable to members of parent entity		-	(2,383,570)	-	(2,383,570)
Other comprehensive Income		-	-	-	-
Total comprehensive income/(loss)		-	(2,383,570)	-	(2,383,570)
Shares issued during period	2	2,000,000	-	-	2,000,000
Share capital transaction costs	2	(120,000)	-	-	(120,000)
Convertible notes equity component		-	-	(52,670)	(52,670)
Share based payments		-	-	244,976	244,976
Balance at 31 December 2009		21,973,323	(21,236,270)	862,927	1,599,980
Balance at 1 July 2010		21,973,323	(23,425,525)	1,015,122	(437,080)
Loss attributable to members of parent entity		-	(921,554)	-	(921,554)
Other comprehensive Income		-	-	-	-
Total comprehensive income/(loss)		-	(921,554)	-	(921,554)
Shares issued during period	2	2,399,477	-	-	2,399,477
Share capital transaction costs	2	(201,876)	-	-	(201,876)
Convertible notes equity component		-	-	(60,406)	(60,406)
Share based payments		-	-	22,449	22,449
Balance at 31 December 2010		24,170,924	(24,347,079)	977,165	801,010

This condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 10 to 13.

Phylogica Limited

Notes to the Condensed Consolidated Financial Statements (continued)

For the half year ended 31 December 2010

Note 1: Significant Accounting Policies

Phylogica Limited is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiary (together referred to as the "Group").

The annual financial statements of the Company as at and for the year ended 30 June 2010 are available upon request from the Company's registered office at the address or at the Web site shown earlier in this report.

(a) Statement of Compliance

The interim financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards AASB 134: Interim financial reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS34: Interim Financial Reporting.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2010 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim financial statements of the Group for the six months ended 31 December 2010 were authorised for issue by the directors on 24 February 2011.

(b) Significant Accounting Policies

The accounting policies applied by the Group in the interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2010.

(c) Adoption of New and Revised Accounting Standards

In the half year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operation and effective for annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(d) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of Phylogica Limited.

(e) Estimates

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2010.

(f) Financial Risk Management

The Group's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2010.

(g) Going Concern

The half-year financial statement has been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

Phylogica Limited

Notes to the Condensed Consolidated Financial Statements (continued)

For the half year ended 31 December 2010

Note 1: Significant Accounting Policies (continued)

For the year ended 31 December 2010 the Group has incurred a loss of \$921,554 (December 2009: loss of \$2,383,570) and at 31 December 2010 the Company had working capital of \$626,930 (June 2010 working capital deficiency of \$576,251) including a cash and cash equivalents balance of \$1,795,317 (June 2010: \$1,281,044). Cash used in operating activities in the December 2010 half-year was \$1,540,788 (2009: \$1,974,233).

The Directors believe that it is appropriate to prepare the financial statement on a going concern basis because:

- Cash flow forecasts for the next twelve months demonstrate the ability of the Company to continue as a going concern on the basis that expected revenue is received and further capital is raised.
- To the extent that further equity is required, the Directors are confident that a sufficient capital raising can be completed. The company has demonstrated its ability to raise capital as and when required in the past, including a capital raising of \$2,357,517 performed during the half-year.
- The company has the option of allowing the convertible notes (as disclosed in note 10) to mature and convert to ordinary share capital in the company, rather than being repaid.
- To the extent that the Company cannot complete additional raising of capital within the required time frame, the Company has the ability to suspend Research and Development activities and reduce operating costs until further capital can be raised.

Note 2: Issued Capital and Accumulated Losses

(i) Issued and paid up capital

283,426,617 ordinary shares fully paid (30 June 2010: 235,751,764)

31 Dec 2010	30 June 2010
\$	\$
24,170,924	21,973,323

The following movements in ordinary shares were recorded from 1 July 2009:

	Number of shares	\$
Balance brought forward as at 1 July 2010	235,751,764	21,973,323
26,376,797 Shares issued at \$0.05	26,376,797	1,318,840
20,773,556 Shares issued at \$0.05	20,773,556	1,038,677
524,500 Shares issued at \$0.08	524,500	41,960
Capital raising transaction costs	-	(201,876)
	283,426,617	24,170,924

(ii) Accumulated losses

Opening balance as at 1 July

Loss for the period

Closing balance as at 31 December 2010 / 30 June 2010

31 Dec 2010	30 June 2010
\$	\$
(23,425,525)	(18,852,700)
(921,554)	(4,572,825)
(24,347,079)	(23,425,525)

(iii) Options

Options to acquire ordinary shares were issued to directors. During the half year ended 31 December 2010, 3,400,000 options were issued to directors. 1,500,000 options were issued to Dr P Watt, 500,000 options issued to Dr D Wilson, and 1,400,000 options issued to Mr N Woolf. Of these options, 2,000,000 will vest on 31 March 2011, 700,000 will vest 22 April 2011 and 700,000 will vest 22 April 2012. These options all have an expiry date of 31 March 2013 and a exercise price of \$0.075.

Total number of options on issue as at 31 December 2010 was 22,493,664:

Description	Options on Issue	Expiry Date	Exercise Price
Unquoted Options	400,000	31 July 2011	\$0.25
Unquoted Options	5,050,000	31 March 2012	\$0.075
Unquoted Options	4,806,164	31 March 2012	\$0.075
Unquoted Options	2,500,000	31 March 2012	\$0.075
Unquoted Options	2,500,000	31 March 2012	\$0.10
Unquoted Options	7,237,500	31 March 2013	\$0.075

Phylogica Limited

Notes to the Condensed Consolidated Financial Statements (continued)

For the half year ended 31 December 2010

Note 3: Income Tax Expense/ Benefit

Deferred tax assets have not been recognised as at 31 December 2010 because, at this stage of the Group's development, it cannot be considered as "probable" that future taxable profit will be available against which the Group can utilise the benefits.

Note 4: Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 31 December 2010, the Group acquired assets with a cost of \$100,580 (six months ended 31 December 2009: \$20,797).

Note 5: Segment information

The Group comprises a single business segment comprising discovery and development of novel therapeutics and a single geographical location being Australia. The segment details are therefore fully reflected in the results and balances reported in the interim statement of comprehensive income and statement of financial position.

Note 6: Events Subsequent to Balance Date

Subsequent to balance date and up to the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

Note 7: Contingent Liabilities and Contingent Assets

There are no known significant liabilities or contingent assets as at the date of these statements.

Note 8: Earning Per Share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2010 was based on the loss attributable to ordinary shareholders of \$921,554 (six months ended 31 December 2009: \$2,838,570) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2010 of 246,936,412 (six months ended 31 December 2009: 216,190,120), calculated as follows:

	31 Dec 2010	31 Dec 2009
(i) Profit attributable to ordinary shareholders	\$	\$
Loss for the period:		
Basic earnings	(921,554)	(2,383,570)
(ii) Weighted average number of ordinary shares		
Number of ordinary shares	235,751,764	215,751,764
Effect of shares issued	11,184,648	869,565
Weighted average number of ordinary shares at 31 December	<u>246,936,412</u>	<u>216,621,329</u>

Note 9: Employee Benefits

(i) Details of total employee benefits as at balance date

	31 Dec 2010	30 June 2010
<i>Current</i>	\$	\$
Liability for annual leave	119,822	82,382
<i>Non Current</i>		
Liability for long service leave	42,446	25,408
Total employee benefits	<u>162,268</u>	<u>107,790</u>

Phylogica Limited
Notes to the Condensed Consolidated Financial Statements (continued)
For the half year ended 31 December 2010

Note 9: Employee Benefits (continued)

(ii) Share-based payments

In 2010 the Company refreshed its employee share option programme (ESOP) that entitles key management personnel and senior employees to purchase shares in the Company. The terms and conditions of the share option programme are disclosed in the ESOP rules approved by the General Meeting of shareholders held in November 2010. During the December 2010 half year no options (previously granted under the ESOP) vested. At 31 December 2010 a further 7,237,500 options remain to vest.

During the six months ended 31 December 2010, 3,400,000 options were granted to directors with the approval of shareholders at the general meeting held 30 November 2010.

The terms and conditions of the grants made during the six months ended 31 December 2010 are as follows:

Grant date	Number of instruments	Vesting conditions	Contractual life of options
Option grant at 30 November 2010	2,000,000	31 March 2011	2.33 years
Option grant at 30 November 2010	700,000	22 April 2011	2.33 years
Option grant at 30 November 2010	700,000	22 April 2012	2.33 years
Option grant at 17 December 2010	3,837,500	31 March 2011	2.29 years

(iii) Fair value of share options and assumptions for the six months ended 31 December 2010:

Number of Options	Grant Date	Expiry Date	Fair Value Per Option	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate (%)	Estimated Volatility (%)	Options Vested at 31/12/10
3,400,000	30/11/10	31/03/13	2.378	\$0.075	\$0.049	4.985	100	nil
3,837,500	17/12/10	31/03/13	1.476	\$0.075	\$0.036	5.155	100	nil

5,837,500 options will vest 31 March 2011, 700,000 options will vest 22 April 2011 and the remaining 700,000 options will vest 22 April 2012.

Note 10: Interest Bearing Liabilities

	31 Dec 2010	30 June 10
<i>Current</i>	\$	\$
Convertible note face value	1,340,000	1,340,000
Transferred to equity reserve	(41,903)	(102,309)
	<u>1,298,097</u>	<u>1,237,691</u>

The convertible notes were issued at nil interest and mature on 30 April 2011. Previously the notes have been discounted at a rate of 10% pa to calculate fair value at each balance date. The notes are redeemable by the Company by payment of \$1,675,000, are convertible by noteholders before the maturity date at \$0.05 per share or convert at maturity at \$0.04 per share. Conversion at maturity would result in the issue of 33,500,000 shares or 10.6% of the issued capital after the conversion.

Note 11: Key Management Personnel Expense

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of \$429,720 for the six months ended 31 December 2010 (six months ended 31 Dec 2009: \$477,229).

Note 12: Related Parties

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2010 annual financial statements.

Directors' declaration

In the opinion of the directors of Phylogica Limited and its controlled entity (the Group)

1. the financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Nick Woolf
Director

A handwritten signature in blue ink, appearing to read 'N Woolf', with a stylized flourish extending to the right.

Perth
24 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Phylogica Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Phylogica Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is 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 a 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 Phylogica Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.

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 Phylogica Limited is not in accordance with the *Corporations Act 2001* including:

- (a) 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
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
24 February 2011