AMBRI LIMITED

2008 ANNUAL REPORT

Ambri Limited
ABN 60 079 201 835

Directors

Mr Matthew Morgan (Chairman)

Mr Timothy Brown

Mr Gregory Baynton

Registered Office
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66 Eagle Street
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Telephone: + 61 7 3303 8523
Facsimile: + 61 7 3303 8445
Email: communications@Ambri.com
Website: www.Ambri.com
ABN: 60 079 201 835

Share Registry
Computershare Investor Services Pty Limited
Level 19, 307 Queen Street
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Telephone: +61 7 3237 2100
Facsimile: +61 7 3229 9860

Company Secretary
Mr Angus Craig

Solicitors
McCullough Robertson

Auditors
KPMG

Bankers
Westpac Banking Corporation

Stock Exchange
The Company is listed on the Australian Stock Exchange: ASX Code: ABI
The Home Exchange is Brisbane.

Contents

Ambri Limited and its controlled entities

Directors' report

For the year ended 30 June 2008

The directors present their report together with the financial report of Ambri Limited ('the Company') and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2008 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	*Age*	*Experience, special responsibilities and other directorships*
Mr Matthew Morgan Chairman Non-Executive Director Appointed: 2 July 2008	34	Mr Morgan is a Senior Investment Manager with the Queensland BioCapital Fund (QBF). He has significant experience in technology investing, capital raising and commercialisation and is currently a director of a number of unlisted biotechnology companies including Chair of CNSBio Pty Ltd. He is also a member of the Kauffman Fellows Class 12.
Mr Timothy Brown Independent Non-Executive Director Appointed: 21 August 2007	46	Mr Brown is currently employed by Macquarie Bank as Divisional Director-Head of Sales, Mortgages Australia. Mr Brown has worked in the banking and finance industry for over 25 years and has held senior management positions in financial intermediaries such as Suncorp, LJ Hooker, Aussie Home Loans and AVCO Finance (acquired by GE Capital). Mr Brown's extensive commercial experience includes his successful establishment and ownership of LJ Hooker Home Loans as a master franchise, which was subsequently acquired by LJ Hooker in 2003.
Mr Gregory Baynton Independent Non-Executive Director Appointed: 2 July 2008	39	Mr Baynton is the managing director of Orbit Capital, a private, independent investment company that also provides corporate advisory services, focusing on capital raisings, preparation for Stock Exchange listing and listed investment opportunities. He has extensive experience in establishing and structuring new companies, and raising seed and venture capital. Among other sectors, Mr Baynton also has significant experience in early stage ventures in the life sciences/biotechnology sector and has been a co-founder of three Australian biotechnology companies. During the past three years Mr Baynton also served as a director of the following ASX listed companies: PIPE Networks Limited - 2004 to Present Tissue Therapies Limited - 2002 to Present Lodestone Exploration Limited - 2001 to Present

1. Directors (continued)

Mr J Brett Heading B.Com LL.B (Hons) ASIA Chairman Independent Non-Executive Director Appointed: 10 November 2006 Resigned: 2 July 2008	52	Mr Heading is an experienced corporate lawyer and has been a partner of McCullough Robertson for 22 years. He specialises in capital raising, mergers and acquisitions and board advice. He has a wide-ranging client base in emerging companies particularly in the biotechnology and agribusiness sectors. He is a member of the Takeovers Panel and the Board of Taxation. He is also currently a director of the unlisted Peanut Company of Australia Limited. During the past three years Mr Heading also served as a director of the following ASX listed companies: ChemGenex Pharmaceuticals Limited (Chair) - 2002 to Present Australian Cancer Technology Limited - 2004 to 2005 Village Life Limited - 2003 to 2005
Dr Ian Nisbet BSc, PhD Independent Non-Executive Director Appointed: 15 December 2006 Resigned: 2 July 2008	54	Dr Ian Nisbet is partner and founder of Afandin Pty Ltd, a biotechnology consulting company that advises a number of public and private companies. His most recent executive position was Chief Executive Officer and Managing Director of Meditech Research Limited, a clinical phase oncology company, which was acquired by Alchemia Limited in 2006. Prior to joining Meditech, Dr Nisbet worked at Millennium Pharmaceuticals, Inc., CAmbridge, MA for almost seven years in a variety of senior positions, mostly related to product in-licensing and mergers and acquisitions. Before joining Millennium Ian worked for CSL Limited for over 17 years in a number of scientific and management positions.
Dr Mitchell M Rosenberg M.Sc – Industrial Psychology Ph.D – Psychology – Organisational Behaviour Independent Non-Executive Director Appointed: 20 December 2006 Resigned: 21 August 2007	53	Dr Mitch Rosenberg is a consulting organisational psychologist. Dr Rosenberg has over two decades experience in the area of Operational Management, Human Resource and Organisational Development. Twelve of those years were spent in Human Resource and Organisational Development in the Banking sector, working for such large financial institutions as Washington Mutual Bank, American Savings Bank and Great Western Bank. He has also served as the Chief People Officer for a Sequoia Capital backed technology and marketing company, Harmonic Communications, as Executive Vice President and Director of Business Services for Ameriquest Capital Corporation, and as CEO of The Picerne Group, an international investment firm managing a portfolio of loans and real estate valued in excess of US$7 billion. During the past three years he also served as a director of the following ASX listed company: Avastra Limited (Chair) - 2007 to July 2008

2. Company secretary

Mr Angus Craig BCom, GDipAppFin

Angus Craig held the position of Company Secretary and Chief Financial Officer at the end of the financial year. He was appointed to these positions in August 2007. Previously he held the position of Company Secretary of Virotec International plc for 7 years, and prior to that was a Senior Companies Advisor with the Australian Securities Exchange for over 6 years.

3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board	
	A	**B**
Brett Heading	8	8
Ian Nisbet	8	8
Mitch Rosenberg	1	1
Tim Brown	7	7

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year
As the Board only has three members, it was considered unnecessary to form a separate audit committee and the Board as a whole performs this function.

4. Principal activities

Ambri Limited is a technology development company focussing primarily on medical diagnostics technologies. Since ceasing direct research and development activities in December 2006, it has sought to reduce its direct exposure to development and commercialisation risk through the licensing of its technologies and the acquisition of interests in complimentary technologies via investment in other companies.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

5. Operational and financial review

Operational review

Since ceasing research and development work in December 2006, Ambri has sought to find suitable partners for the continuing development and commercialisation of its technologies. This strategy enables the Company to retain an interest in its technologies while eliminating any further exposure to the risks and costs of commercialisation.

In February 2008, Ambri announced that it had entered into a commercialisation licence agreement with Surgical Diagnostics Pty Ltd (SDx) which provides that SDx receives a licence to develop and commercialise Ambri's technology in the human professional medical diagnostics market. SDx assumes responsibility for all ongoing development in this field and the maintenance of Ambri's patent portfolio. Royalties are payable on products developed using Ambri technology and the two parties will share in any revenues received if the technology is sub-licensed.

In April 2008, Ambri acquired an interest in approximately 5% of the issued capital of ASX listed Avastra Sleep Centres Limited ('Avastra'). Avastra is one of the largest networks of sleep specialists in the United States, providing comprehensive care, sleep diagnostics, and clinical research.

As at 30 June 2008, Ambri holds the following interests:

- medical diagnostics technologies (non human medical applications) licensed to Biosensor Enterprises LLC in November 2002;
- medical diagnostics technologies (human medical applications) licensed to SDx in February 2008;
- early stage drug technology licensed to Glykoz Developments Pty Ltd in December 2006; and
- a shareholding interest in Avastra, a medical diagnostics company.

Operational review (continued)

During the year Ambri continued with its strategy to diversify the business and seek opportunities with a lower risk profile to create shareholder value, by way of investment, acquisition or merger Opportunities were identified and negotiations initiated. That process is ongoing.

Financial review

The net loss for the year was $715,537 compared to $3,630,451 in the prior year. Personnel expenses reduced significantly from $1,019,871 in the prior year to $293,814, (a reduction of $726,057 or 70%) following continuing reductions in full-time equivalent head count to 1.

Overall, expense levels reduced from $4,493,897 to $1,201,300 (a reduction of $3,292,597 or 73%).

The opening cash balance was $4,917,590 while the ending balance was $3,787,862. The net change of $1,129,728 included $723,895 spent on operating activities (net of interest earned and other income) and $400,995 invested in other medical diagnostic technologies by way of the purchase of ordinary shares in Avastra Sleep Centres Limited.

The results of the consolidated entity for the year ended 30 June 2008 can be summarised as follows:

	2008	2007	Change
Results from operating activities	(1,016,846)	(3,951,844)	Down 74%
Net financing income	301,309	321,393	Down 6%
Loss before tax	(715,537)	(3,630,451)	
Loss for the year attributable to equity holders of the parent	(715,537)	(3,630,451)	Down 80%

Significant changes in the state of affairs

With the exception of the matters stated in the Operational and Financial Review there have been no other significant changes in the state of affairs of the Company or consolidated entity during the financial year ended 30 June 2008.

6. Likely developments

The cash burn rate is being carefully controlled and cash resources at 30 June 2008 were $3,787,862.

The Directors consider that Ambri has opportunities to expand through acquisition and growth into new businesses which, relative to the Ambri technology program, have lower risk and the possibility of early revenues. The financial impacts arising from executing this potential new business strategy have not been taken into consideration in the preparation of the financial forecasts to the end of August 2009. Subject to the Company's success in implementing such a new business strategy and the characteristics thereof, it may be necessary for the Company to raise additional funds.

The Directors believe it is appropriate to prepare the financial report on a going concern basis as the Directors consider that based upon the financial forecasts to the end of August 2009, the consolidated entity has sufficient cash resources to pay all estimated liabilities and commitments. Should partnering or new business opportunities not be forthcoming, it is uncertain whether the Company will be able to continue as a going concern beyond August 2009. Although it is the Company's stated aim to continue to search for new business opportunities, there is no certainty about the timing and the financial impact of implementing such a strategy.

7. Dividends

No dividend was paid or declared during the financial year.

8. Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

9. Events subsequent to reporting date

Since the end of the period, the Company acquired an interest in Xbio Systems Inc ("Xbio") an unlisted technology company in the life sciences sector. Xbio has developed and is commercialising an Integrated Drug and Device Development Platform ("IDDP") to support activities undertaken by clinical trial vendors, research organisations, trial sites, and biotechnology and pharmaceutical companies. The Company subscribed $200,000 for a convertible note instrument with a minimum coupon rate of 15% pa and which is convertible by 30 June 2009.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

10. Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ambri Limited	
	Ordinary shares	**Options over ordinary shares**
J B Heading (resigned 2 July 2008)	-	1,280,000
I Nisbet (resigned 2 July 2008)	560,108	500,000
T Brown	370,500	2,000,000

11. Share options

Options granted to directors and officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and officers as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
J B Heading	500,000	$0.04	30 November 2009
I Nisbet	500,000	$0.04	30 November 2009
T Brown	1,000,000	$0.04	30 November 2009
T Brown	1,000,000	$0.06	30 November 2009
Officers			
A Craig	300,000	$0.04	30 November 2009

All options were granted during the financial year. No options have been granted since the end of the financial year. Each option is an option to subscribe for one ordinary share.

11. Share options (continued)

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of unissued shares under option
30 November 2009	$0.04	3,300,000
30 November 2009	$0.06	1,000,000
15 December 2009	$0.06	780,000
15 December 2008	$0.16	1,000,000
15 December 2009	$0.24	1,000,000
15 December 2010	$0.48	5,000,000

Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares were issued by the Company as a result of the exercise of options.

12. Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current directors of the Company and all former directors of the Company who held that position on or after 24 August 2001 against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the year the Company paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts. These contracts insure current and former directors and officers (as defined in the Corporations Act 2001) against certain liabilities arising in the course of their duties to the Company and its controlled entities. The directors have not included details of the nature of the liabilities covered, or the premium paid in respect of the contracts, as such disclosure is prohibited under the terms of the contracts.

13. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

13. Non-audit services (continued)

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	Consolidated	
	2008	**2007**
	$	**$**
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	72,894	80,972
	72,894	80,972
Other services		
Taxation compliance services (KPMG Australia)	18,125	11,151
R&D tax services (KPMG Australia)	46,678	-
	64,803	11,151

14. Remuneration report – audited

14.1 Principles of compensation – audited

Remuneration of Directors and senior executives is referred to as compensation throughout this report.

The Board is responsible for compensation policies and packages applicable to Directors and senior executives (key management personnel), who either make, or participate in making, decisions that affect the whole, or a substantial part of, the business of the consolidated entity, or have the capacity to affect significantly the consolidated entity's financial standing. The Board approves the compensation of all senior executives.

The Board is responsible for reviewing the compensation of senior executives. The Board ensures the Company's compensation policies and procedures reward and motivate enhanced performance against Company objectives. In particular, the Board:

- Ensures that the appropriate procedures exist to assess the compensation levels of senior executives; and
- Ensures the Company adopts, monitors and applies appropriate compensation policies and procedures.

At the end of the period all directors and employees were employed by the Company.

The overall objective of the Company's compensation policy is to ensure maximum stakeholder benefit from attracting and retaining high quality Board and key management personnel. A further objective of the policies is to foster a performance oriented culture.

As Ambri is a company investing in development stage technologies and has not yet generated any significant revenue from these investments, performance is measured by reference to qualitative factors.

The Company's compensation policy directs that the compensation package appropriately reflects the respective duties and responsibilities of employees and that compensation levels are competitive and motivating to people who possess the requisite level of skill and experience.

Short-term incentive bonus ("STI")

The compensation package of all employees of Ambri has a base pay component plus discretionary bonuses to specified employees for the achievement of duties and responsibilities beyond the normal scope of the position held. There are no performance conditions and any bonus paid is subject to the discretion of the Board.

14. Remuneration report (continued)

14.1 Principles of compensation – audited (continued)

Long-term incentive

The Board, at its discretion, may approve the issue of options under the Employee Option Plan to Executive Directors, senior executives and other employees. The vesting of options issued may be conditional upon the achievement of performance hurdles determined by the Board from time to time.

The Board may also approve the issue of shares under the Executive Officer Share Plan (as approved by shareholders on 15 December 2006). This Plan is available to directors, senior executives and other executives to acquire ordinary shares in the Company for no consideration as a component of their compensation. Shares issued under the Plan rank equally with other fully paid ordinary shares. The number of shares offered and the imposition of restrictions such as the achievement of performance hurdles shall be as determined at the absolute discretion of the Board of Directors. However, the Board shall also take into account the actual and potential contribution of each eligible person to the performance of the Company and its controlled entities.

All shares granted will be held in Trust on behalf of each eligible person and will become unrestricted at the earliest of the following:

- the end of the period of 10 years commencing at the time of acquisition of the shares by the Trustee on behalf of the eligible person;
- all relevant restrictions imposed by the Board have been satisfied or released by the Board in its absolute discretion; or
- in accordance with the relevant clauses in the event where the eligible person ceases to be employed.

Independent data from applicable sources may be requested by the Board to assess whether the performance hurdles have been met.

Service agreements

Non-Executive Directors

Directors' base fees are presently $38,000 per annum. The Chairperson can receive up to twice the base fee.

Non-Executive Directors receive part of their fees by way of deferred shares, subject to a pool limit, which is periodically recommended for approval by shareholders. The pool, which was approved by shareholders on 30 November 2007, is 3,600,000 shares.

Non-Executive Directors do not receive bonuses or non-cash benefits.

Non-Executive Directors' retirement payments are limited to compulsory employer superannuation.

Ambri Limited and its controlled entities

Directors' report (continued)

For the year ended 30 June 2008

14. Remuneration report (continued)

14.2 Directors' and executive officers' remuneration (Company and Consolidated) - audited

Details of the nature and amount of each major element of remuneration of each director of the Company and all key management personnel who receive the highest remuneration are:

		Short-term					Post-employment	Termination benefits	Share-based payments			Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees $	Shares in lieu of Directors' fees $	STI cash bonus $(A)	Leave provi-sions $	Total	Super-annuation benefits $	$	Shares $	Options and rights $ (B)	Total $		
Directors													
Non-executive directors													
Brett Heading (Chairperson) (appointed 10 November 2006)	2008	39,996	-	-	-	39,996	-	-	-	1,568	41,564	3.8%	3.8%
	2007	26,664	-	-	-	26,664	-	-	-	29,726	56,390	52.7%	52.7%
Ian Nisbet (appointed 15 December 2006)	2008	26,147	9,500	-	-	35,647	2,353	-	-	1,568	39,568	4.0%	4.0%-
	2007	14,162	2,771	-	-	16,933	1,275	-	-	-	18,208	-	-
Timothy Brown (appointed 21 August 2007)	2008	22,139	8,075	-	-	30,214	1,992			4,335	36,541	11.9%	11.9%
Mitch Rosenberg (appointed 20 December 2006, resigned 21 August 2007)	2008	2,660	1,353	-	-	4,013	-	-	-	-	4,013	-	-
	2007	16,510	2,661	-	-	19,171	-	-	-	-	19,171	-	-
John Grant (resigned 15 December 2006)	2007	39,646	6,250	-	-	45,896	4,131	-	-	-	50,027	-	-
Tina Clifton (resigned 15 December 2006)	2007	20,448	2,500	-	-	22,948	2,065	-	-	-	25,013	-	-
Silviu Itescu (resigned 20 December 2006)	2007	20,893	2,500	-	-	23,393	2,117				25,510	-	-
Executive Directors													
Roman Zwolenski, Managing Director/CEO (resigned 3 May 2007)	2007	120,810	-	-	3,021	123,831	26,186	122,406	5,505	-	277,928	5.4%	5.4%
Total compensation: key management personnel	2008	90,942	18,928	-	-	109,870	4,345	-	-	7,472	121,687		
– Directors (consolidated)	2007	259,133	16,682	-	3,021	278,836	35,774	122,406	5,505	29,726	472,247		
Total compensation: key management personnel	2008	90,942	18,928	-	-	109,870	4,345	-	-	7,472	121,687		
– Directors (company)	2007	138,323	16,682	-	-	155,005	9,588	-	-	29,726	194,319		

Ambri Limited and its controlled entities

Directors' report (continued)

For the year ended 30 June 2008

14. Remuneration report (continued)

14.2 Directors' and executive officers' remuneration (Company and Consolidated) - audited (continued)

		Short-term					*Post-employment*		*Share-based payments*		*Total $*	*Proportion of remuneration performance related %*	*Value of options as proportion of remuneration %*
		Salary & fees $	*STI cash bonus $(A)*	*Leave provisions $*	*Non-monetary benefits $*	*Total*	*Superannuation benefits $*	*Termination benefits $*	*Value of shares $*	*Options and rights $ (B)*			
Executives													
Angus Craig, Chief Financial Officer / Company Secretary (appointed 30 August 2007)	*2008*	*57,252*	-	*5,089*	-	*62,341*	*5,153*	-	-	*941*	*68,435*	-	*1.4%*
Paul Jobbins, Chief Financial Officer / Company Secretary (appointed 20 December 2006, resigned 30 August 2007)	*2008*	*12,471*	-	-	-	*12,471*	*3,279*	-	-	-	*15,750*	-	-
	2007	*10,120*	-	-	-	*10,120*	*910*	-	-	-	*11,030*		
Phillip Camilleri, Financial Controller/Company Secretary – Ambri Operations Pty Ltd, (position made redundant 28 February 2007)	*2007*	*91,889*	*11,200*	*16,385*	-	*119,474*	*11,780*	*75,384*	-	-	*206,638*	*5.4%*	-
Bruce Cornell, Chief Scientist Biosensor Technologies – Ambri Operations Pty Ltd (position made redundant 18 October 2006)	*2007*	*26,199*	-	*29,873*	-	*56,072*	*3,139*	*49,184*	-	-	*108,395*	-	-
Total compensation: key management personnel - Executives (consolidated)	*2008*	*69,723*	-	*5,089*	-	*74,812*	*8,431*	-	-	*941*	*84,185*		
	2007	*128,208*	*11,200*	*46,258*	-	*185,666*	*15,829*	*124,568*	-	-	*326,063*		
Total compensation: key management personnel - Executives (company)	*2008*	*69,723*	-	*5,089*	-	*74,812*	*8,431*	-	-	*941*	*84,185*		
	2007	*10,120*	-	-	-	*10,120*	*910*	-	-	-	*11,030*		

14. Remuneration report – audited (continued)

14.2 Directors' and executive officers' remuneration (Company and Consolidated) - audited (continued)

Notes in relation to the table of directors' and executive officers' remuneration – audited

A. The short-term incentive bonus included as compensation is for performance during the respective financial year.

B. The fair value of the options is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. Market conditions have been taken into account within the valuation model.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Expiry date	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
12 December 2007	30 November 2009	$0.003	$0.04	$0.025	65%	6.5%	Nil
12 December 2007	30 November 2009	$0.001	$0.06	$0.025	65%	6.5%	Nil

Details of performance related remuneration - audited

Details of the consolidated entity's policy in relation to the proportion of remuneration that is performance related is discussed on pages 9 and 10.

14.3 Analysis of bonuses included in remuneration –audited

There were no short-term incentive cash bonuses awarded as remuneration to any Director or Officer during the current year or in the prior year.

14.4 Equity instruments - audited

All options refer to options over ordinary shares of Ambri Limited, which are exercisable on a one-for-one basis under the Employee Option Plan.

14.4.1 Options and rights over equity instruments granted as compensation – audited

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Director	Number of options granted during 2008	Grant date	Number of options vested during 2008	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date
J B Heading	500,000	12 December 2007	500,000	$0.0031	$0.04	30 November 2009
I Nisbet	500,000	12 December 2007	500,000	$0.0031	$0.04	30 November 2009
T Brown	1,000,000	12 December 2007	1,000,000	$0.0031	$0.04	30 November 2009
T Brown	1,000,000	12 December 2007	-	$0.0012	$0.06	30 November 2009
Executives						
A Craig	300,000	12 December 2007	150,000	$0.0031	$0.04	30 November 2009

The options were provided at no cost to the recipients.

No options have been granted since the end of the financial year. All options expire on the earlier of their expiry date or 90 days after termination of the employee's contract.

14. Remuneration report (continued)

14.4.2 Modification of terms of equity-settled share-based payment transactions - audited

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or prior period.

14.4.3 Exercise of options granted as compensation - audited

No shares were issued on the exercise of options previously granted as compensation during the reporting period or prior period.

14.4.4 Analysis of options and rights over equity instruments granted as compensation –audited

Details of vesting profile of the options granted as remuneration to each key management person are detailed below.

	Options granted		% vested in year	forfeited in year (A)	Financial years in which grant vests
	Number	Date			
Directors					
J B Heading	500,000	12 December 2007	100	-	2008
I Nisbet	500,000	12 December 2007	100	-	2008
T Brown	1,000,000	12 December 2007	100	-	2008
T Brown	1,000,000	12 December 2007	-	-	2009
Executives					
A Craig	300,000	12 December 2007	50	-	2008, 2009

(A) The % forfeited in the year represents the reduction of the maximum number of options available to vest due to a performance criteria not being achieved.

14.4.5 Analysis of movements in options - audited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below.

	Granted in year $ (A)	Exercised in year $ (B)	Value of Options Forfeited in year $ (C)
J B Heading	1,568	-	-
I Nisbet	1,568	-	-
T Brown	4,335	-	-
A Craig	941	-	-
	8,412	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a binominal option-pricing model assuming the performance criteria had been achieved.

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for financial year ended 30 June 2008.

Dated at Brisbane this 31st day of July 2008.

This report is made with a resolution of the directors:

M. Morgan
Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ambri Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Simon Crane
Partner

Brisbane

31 July 2008

Ambri Limited and its controlled entities

Income statements

For the year ended 30 June 2008

		Consolidated		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
Revenue		-	83,280	-	-
Cost of sales		-	(18,122)	-	-
Gross profit		-	65,158	-	-
Other income	*3*	5,472	476,895	2,350	-
Research & development expenses		(132,944)	(717,109)	(135,553)	(1,503,629)
Occupancy expenses		(154,523)	(432,305)	(113,562)	(1,495)
Administrative expenses		(510,120)	(1,325,156)	(503,548)	(573,846)
Impairment loss on investment in controlled entity	*12*	-	-	(829,962)	(839,536)
Other expenses	*4*	(224,731)	(2,019,327)	(350,715)	(1,077,142)
Results from operating activities		(1,016,846)	(3,951,844)	(1,930,990)	(3,995,648)
Finance income		302,017	332,218	300,196	297,916
Finance expense		(708)	(10,825)	(708)	(8,211)
Net finance income	*7*	301,309	321,393	299,488	289,705
Loss before income tax		(715,537)	(3,630,451)	(1,631,502)	(3,705,943)
Income tax expense	*8*	-	-	-	-
Loss for the year		(715,537)	(3,630,451)	(1,631,502)	(3,705,943)
Earnings per share					
Basic earnings per share (*AUD*)	*9*	(0.003)	(0.018)		
Diluted earnings per share (*AUD*)	*9*	(0.003)	(0.018)		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 21 to 46.

Ambri Limited and its controlled entities

Statements of recognised income and expense

For the year ended 30 June 2008

		Consolidated		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
Net change in fair value of available-for-sale financial assets		(184,395)	-	(184,395)	-
Impairment of available-for-sale financial assets transferred to profit or loss	*4*	184,395	-	184,395	-
		-	-	-	-
Loss for the year		(715,537)	(3,630,451)	(1,631,502)	(3,705,943)
Total recognised income and expense for the year	*18*	(715,537)	(3,630,451)	(1,631,502)	(3,705,943)

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 21 to 46.

Ambri Limited and its controlled entities

Balance sheets

As at 30 June 2008

		Consolidated		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
Assets					
Cash and cash equivalents	*10*	3,787,862	4,917,590	3,768,444	4,056,690
Trade and other receivables	*11*	88,297	136,723	66,755	53,090
Investments	*12*	216,600	-	216,600	-
Total current assets		4,092,759	5,054,313	4,051,799	4,109,780
Investments	*12*	-	-	2	829,964
Deferred tax assets	*13*	-	-	-	-
Property, plant and equipment	*14*	18,959	-	18,959	-
Total non-current assets		18,959	-	18,961	829,964
Total assets		4,111,718	5,054,313	4,070,760	4,939,744
Liabilities					
Trade and other payables	*15*	102,550	349,926	947,466	225,266
Employee benefits	*16*	5,089	-	5,089	-
Provisions	*17*	-	20,000	-	-
Total current liabilities		107,639	369,926	952,555	225,266
Total liabilities		107,639	369,926	952,555	225,266
Net assets		4,004,079	4,684,387	3,118,205	4,714,478
Equity					
Issued capital		100,281,199	100,257,520	100,281,199	100,257,520
Reserves		46,779	-	46,779	-
Accumulated Losses		(96,323,899)	(95,573,133)	(97,209,773)	(95,543,042)
Total equity	*18*	4,004,079	4,684,387	3,118,205	4,714,478

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 21 to 46.

Ambri Limited and its controlled entities

Statements of cash flows

For the year ended 30 June 2008

		Consolidated		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
Cash flows from operating activities					
Cash receipts from customers		27,953	136,682	19,701	-
Cash paid to suppliers and employees		(1,015,787)	(3,531,557)	(991,110)	(2,872,259)
Cash generated from operations		(987,834)	(3,394,875)	(971,409)	(2,872,259)
Interest paid		(708)	(10,825)	(708)	(8,211)
Interest received		264,647	332,218	262,826	297,916
Net cash used in operating activities	*22*	(723,895)	(3,073,482)	(709,291)	(2,582,554)
Cash flows from investing activities					
Cash in acquired subsidiary	*21*	-	796,986	-	-
Proceeds from sale of property, plant and equipment		20,472	423,493	2,350	-
Acquisition of property, plant and equipment	*14*	(25,310)	(2,245)	(25,310)	-
Payments for investments		(400,995)	-	(400,995)	-
Loan from controlled entity		-	-	845,000	-
Loan to third party		(50,000)	-	(50,000)	-
Repayment of loan to third party		50,000	-	50,000	-
Net cash from investing activities		(405,833)	1,218,234	421,045	-
Cash flows from financing activities					
Proceeds from the issue of share capital	*18*	-	618,162	-	618,162
Net cash from financing activities		-	618,162	-	618,162
Net decrease in cash and cash equivalents		(1,129,728)	(1,237,086)	(288,246)	(1,964,392)
Cash and cash equivalents at 1 July		4,917,590	6,154,676	4,056,690	6,021,082
Cash and cash equivalents at 30 June	*10*	3,787,862	4,917,590	3,768,444	4,056,690

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 21 to 46.

Notes to the consolidated financial statements

1. Significant accounting policies

Ambri Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 66 Eagle Street, Brisbane, QLD Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial statements were approved by the Board of Directors on 31st July 2008.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the consolidated entity and the financial report of the Company comply with the International Financial Reporting Standards ('IFRS's') and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis, except available for sale financial assets that are measured at fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 16 – Measurement of share-based payments
- Note 21 – Business combinations

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the consolidated entity.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

- Revised *AASB 3 Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's financial report.

1. **Significant accounting policies (continued)**

(b) **Basis of preparation (continued)**

New standards and interpretations not yet adopted (continued)

- *AASB 8 Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the consolidated entity's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the consolidated entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Under the management approach, the consolidated entity may present segment information in a different format to that currently presented.
- Revised *AASB 101 Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised statement does not change the recognition, measurement or disclosure of transactions and events that are required by other AASB's. The revised AASB 101 will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's disclosures.

- Revised *AASB 127 Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's financial report.
- *AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the amending standard on the consolidated entity's financial report.

Going concern

Ambri Limited is a technology development company focussing primarily on medical diagnostics technologies. Since ceasing direct research and development activities in December 2006, it has sought to reduce its direct exposure to development and commercialisation risk through the licensing of its technologies and the acquisition of interests in complimentary technologies via investment in other companies.

Throughout the year Ambri has pursued a search to acquire or merge with one or more businesses with a lower degree of risk to create shareholder value in line with its previously announced strategy to actively seek such opportunities.

The cash burn rate is being carefully controlled and cash resources at 30 June 2008 were $3,787,862.

The Directors consider that Ambri has opportunities to expand through acquisition and growth into new businesses which, relative to the Ambri technology program, have lower risk and the possibility of early revenues. The financial impacts arising from executing this potential new business strategy have not been taken into consideration in the preparation of the financial forecasts to the end of August 2009. Subject to the Company's success in implementing such a new business strategy and the characteristics thereof, it may be necessary for the Company to raise additional funds.

The Directors believe it is appropriate to prepare the financial report on a going concern basis as the Directors consider that based upon the financial forecasts to the end of August 2009, the consolidated entity has sufficient cash resources to pay all estimated liabilities and commitments. Should partnering or new business opportunities not be forthcoming, it is uncertain whether the Company will be able to continue as a going concern beyond August 2009. Although it is the Company's stated aim to continue to search for new business opportunities, there is no certainty about the timing and the financial impact of implementing such a strategy.

1. Significant accounting policies (continued)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition less impairment losses (see accounting policy (i)) in the Company's financial statements.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (i)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases and are not recognised on the consolidated entity's balance sheet.

(iii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

• Computer equipment	3 years
• Fixtures and fittings	3 to 10 years
• Office equipment	3 to 10 years
• Leasehold improvements	Over term of lease

The residual value, the useful life and the depreciation methods are reviewed at the reporting date.

1. Significant accounting policies (continued)

(e) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, future economic benefits are probable and the consolidated entity intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses (see accounting policy (i)).

(f) Trade and other receivables

Trade and other receivables are measured at their amortised cost less impairment losses (see accounting policy (i)).

(g) Investment in listed entities

The consolidated entity's investments in equity securities are classified as available-for-sale financial assets. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy (i)), are recognised directly in a separate component of equity. When an investment loss is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank accepted commercial bills and call deposits with an original maturity of three months or less.

(i) Impairment

The carrying amounts of the consolidated entity's assets, other than deferred tax assets (see accounting policy (p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (i)(i)).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash-flows that are largely independent from other assets or groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

1. Significant accounting policies (continued)

(i) Impairment (continued)

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For available-for-sale financial assets that are equity securities, the impairment reversal is recognised directly in equity.

(j) Share capital

Ordinary shares are classified as equity.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(k) Employee benefits

(i) Superannuation benefits

Contributions in relation to defined contribution plans are recognised as an expense when they are incurred.

(ii) Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

(iii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

1. Significant accounting policies (continued)

(k) Employee benefits (continued)

(iv) Share-based payment transactions

The share option plan allows consolidated entity employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The fair value of shares granted is measured by reference to the closing ASX market price of shares at grant date, adjusted as necessary for any terms or conditions attached to the shares.

(v) Termination benefits

Termination benefits are recognised as an expense when the consolidated entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(l) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(n) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

(ii) Net finance income

Finance income comprises interest income on funds invested. Interest income is recognised in the income statement as it accrues, using the effective interest method. Finance expense comprise interest expense on borrowings calculated using the effective interest method

(iii) Rental income

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

1. **Significant accounting policies (continued)**

(o) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company and its wholly owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from 1 July 2005. The head entity of the tax-consolidated group is Ambri Limited.

Current tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financials statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangements. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

1. Significant accounting policies (continued)

(q) Earnings per share

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(r) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2. Segment reporting

Ambri Limited and its controlled entities operate predominately within the biotechnology and medical diagnostics industry in Australia.

3. Other income

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Net gain on disposal of property, plant and equipment		5,472	423,493	2,350	-
Rental income from property subleases		-	53,402	-	-
		5,472	476,895	2,350	-

4. Other expenses

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Consulting fees		21,464	339,099	21,464	315,451
Impairment loss/(gain) on intercompany receivable		-	-	39,832	(2,974)
Impairment of goodwill	21	-	839,536	-	-
Impairment loss on available for sale investments	12	184,395	-	184,395	-
Professional fees – corporate		67,449	536,135	67,449	536,135
Write back of prior year accruals		(178,982)	-	(77,250)	-
Other		130,405	304,557	114,825	228,530
		224,731	2,019,327	350,715	1,077,142

5. Personnel expenses

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Wages and salaries		234,021	630,429	234,021	14,962
Termination benefits		-	462,266	-	-
Other associated personnel expenses		6,483	40,352	6,339	6,408
Contributions to defined contribution superannuation funds		17,742	55,911	17,742	10,632
Decrease in employee benefits provisions	16	5,089	(221,000)	5,089	-
Equity-settled share-based payment transactions	16	30,478	51,913	30,478	46,408
		293,814	1,019,871	293,669	78,410

6. Auditors' remuneration

	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	72,894	80,972	72,894	80,972
Other services - Taxation compliance services	18,125	11,151	18,125	11,151
Other services – R&D tax services	46,678	-	46,678	-

7. Net finance income

	Consolidated		The Company	
	2008	2007	2008	2007
Interest income	302,017	332,218	300,196	297,916
Finance income	302,017	332,218	300,196	297,916
Interest expense	(708)	(10,825)	(708)	(8,211)
Finance expense	(708)	(10,825)	(708)	(8,211)
Net finance income	301,309	321,393	299,488	289,705

8. Income tax expense

	Consolidated		The Company	
	2008	2007		2007
Current tax expense				
Current year	(372,769)	(1,373,446)	(338,741)	(1,076,861)
Deferred tax expense				
Origination and reversal of temporary differences	-	309,000	-	102,000
Non-recognition of tax losses	372,769	1,064,446	338,741	974,861
	372,769	1,373,446	338,741	1,076,861
Total income tax expense	-	-	-	-

Numerical reconciliation between tax expense and pre-tax net loss

	Consolidated		The Company	
	2008	2007		2007
Loss before tax	(715,537)	(3,630,451)	(1,631,504)	(3,705,943)
Income tax using the domestic tax rate of 30% (2007: 30%)	(214,661)	(1,089,135)	(489,451)	(1,111,783)
Decrease in income tax expense due to:				
Research and development allowance	-	(80,391)	-	(80,391)
Tax amortisation of intellectual property	(128,699)	(128,699)	(128,699)	(128,699)
Other deductible items	(133,674)	(104,643)	(84,734)	(36,379)
Increase in income tax expense due to:				
Impairment loss on investments	55,319	29,422	55,319	29,422
Impairment loss on intercompany receivable	-	-	11,950	(892)
Impairment loss on intercompany investment	-	-	248,989	251,861
Non-deductible expenses	48,946	-	47,885	-
Effect of tax losses not recognised	372,769	1,373,446	338,741	1,076,861
Income tax expense	-	-	-	-

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2008 was based on the loss attributable to ordinary shareholders of ($715,537) (2007: $3,630,451) and a weighted average number of ordinary shares outstanding of 219,958,022 (2007: 201,421,678), calculated as follows:

Loss attributable to ordinary shareholders

	Consolidated	
	2008	**2007**
Loss for the period	(715,537)	(3,630,451)
Loss attributable to ordinary shareholders	(715,537)	(3,630,451)

Weighted average number of ordinary shares

	Note	Consolidated	
		2008	**2007**
Issued ordinary shares at 1 July	*18*	219,548,010	179,504,211
Effect of shares issued during the year		410,012	21,917,467
Weighted average number of ordinary shares at 30 June		219,958,022	201,421,678

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2008 was based on loss attributable to ordinary shareholders of $(715,537) (2007: $3,630,451) and a weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares, of 219,958,022 (2007: 201,421,678), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

	2008	**2007**
Loss attributable to ordinary shareholders (basic)	(715,537)	(3,630,451)
Loss attributable to ordinary shareholders (diluted)	(715,537)	(3,630,451)

Weighted average number of ordinary shares (diluted)

	2008	**2007**
Weighted average number of ordinary shares (basic)	219,958,022	201,421,678
Effect of share options on issue*	-	-
Weighted average number of ordinary shares (diluted) at 30 June	219,958,022	201,421,678

* Options on issue had exercise prices significantly higher than the average share price for the year. Accordingly, these options are considered anti-dilutive and have not been weighted as their conversion to ordinary shares would result in a decreased loss per share.

Earnings per share

	2008	**2007**
Basic earnings per share	(0.003)	(0.018)
Diluted earnings per share	(0.003)	(0.018)

10. Cash and cash equivalents

	Consolidated		The Company	
	2008	2007	2008	2007
Bank balances	30,091	58,856	10,673	27,192
Short term deposits	3,757,771	4,858,734	3,757,771	4,029,498
Cash and cash equivalents	3,787,862	4,917,590	3,768,444	4,056,690
Cash and cash equivalents in the statement of cash flows	3,787,862	4,917,590	3,768,444	4,056,690

11. Trade and other receivables

	Consolidated		The Company	
	2008	2007	2008	2007
Current				
Other receivables and prepayments	88,297	136,723	66,755	53,090
	88,297	136,723	66,755	53,090

12. Investments

		Consolidated		The Company	
	Note	2008	2007	2008	2007
Current investments					
Investments in listed entities		400,995	-	400,995	-
Less impairment losses		(184,395)	-	(184,395)	-
		216,600	-	216,600	-
Non-current investments					
Investments in controlled entities	*22*	-	-	1,669,500	1,669,500
Less impairment losses		-	-	(1,669,498)	(839,536)
		-	-	2	829,964

13. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated		The Company	
	2008	2007	2008	2007
Undeducted temporary differences	55,412	-	55,412	-
Tax losses	25,001,378	25,928,446	25,001,378	25,221,861
	25,056,790	25,928,446	25,056,790	25,221,861

The deductible tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits.

Notes to the consolidated financial statements

14. Property, plant and equipment

	Consolidated						The Company					
	Plant and equipment	Office equipment	Fixtures and fittings	Leasehold improvements	Other	Total	Plant and equipment	Office equipment	Fixtures and fittings	Leasehold improvements	Other	Total
Cost												
Balance at 1 July 2006	4,216,000	576,000	186,000	281,000	228,000	**5,487,000**	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(4,216,000)	(576,000)	(186,000)	(281,000)	(228,000)	**(5,487,000)**	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 July 2007	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	10,310	15,000	-	-	**25,310**	-	10,310	15,000	-	-	**25,310**
Disposals	-	(2,350)	-	-	-	**(2,350)**	-	(2,350)	-	-	-	**(2,350)**
Balance at 30 June 2008	-	7,960	15,000	-	-	**22,960**	-	7,960	15,000	-	-	**22,960**
Depreciation and impairment losses												
Balance at 1 July 2006	4,216,000	576,000	186,000	281,000	228,000	**5,487,000**	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(4,216,000)	(576,000)	(186,000)	(281,000)	(228,000)	**(5,487,000)**	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 July 2007	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	1,751	2,250	-	-	**4,001**	-	1,751	2,250	-	-	**4,001**
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-		-	-	-
Balance at 30 June 2008	-	1,751	2,250	-	-	**4,001**	-	1,751	2,250	-	-	**4,001**
Carrying amounts												
At 1 July 2006	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2007	-	-	-	-	-	-	-	-	-	-	-	-
At 1 July 2007	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2008	-	6,209	12,750	-	-	**18,959**	-	6,209	12,750	-	-	**18,959**

15. Trade and other payables

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Trade payables and accrued expenses		102,250	265,746	102,466	219,227
Payables due to controlled entity		-	-	845,000	-
Other payables		-	84,180	-	6,039
		102,250	349,926	947,466	225,266

16. Employee benefits

Current

	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Liability for annual leave	5,089	-	5,089	-
	5,089	-	5,089	-

Share based payments

In August 2001 the consolidated entity established an Employee Option Plan that entitled employees to purchase shares in the Company.

Options issued under the Employee Option Plan (EOP) expire on their expiry date or 90 days after termination of the employee's contract. There are no voting or dividend rights attaching to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options are exercised.

In accordance with the EOP the exercise price of the option is determined at grant date by reference to the closing market price of the Company's shares on the Australian Stock Exchange on grant date.

The Board (following authorisation by members in general meeting where required) granted the following options under the EOP during the period.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
12 December 2007	2,650,000	nil	2 years
12 December 2007	1,000,000	Remain employed on 12 December 2008	2 years
12 December 2007	500,000	Remain employed on 31 October 2008	2 years
12 December 2007	150,000	Remain employed on 31 August 2008	2 years

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at 1 July	$0.06	780,000	$0.53	841,936
Forfeited during the year	-	-	$0.53	(841,936)
Exercised during the year	-	-	-	-
Granted during the year	$0.045	4,300,000	$0.06	780,000
Outstanding at 30 June	$0.047	5,080,000	$0.06	780,000
Exercisable at 30 June		3,430,000		780,000

There were 5,080,000 options outstanding at 30 June 2008 with exercise prices of $0.04 and $0.06 and a weighted average contractual life of 2 years.

16. Employee benefits (continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on the binominal option-pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binominal option-pricing model.

Fair value of share options and assumptions	Key mgmt personnel 2008	Key mgmt personnel 2007
Fair value at grant date	11,550	29,726
Share price	$0.025	$0.052
Exercise price	$0.04, $0.06	$0.060
Expected volatility (weighted average volatility)	65%	126.76%
Option life (weighted average life)	2 years	3 Yrs
Expected dividends	-	-
Risk-free interest rate (based on government bonds)	6.5%	5.99%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Employee expenses

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Shares granted in 2006 - equity settled		-	5,505	-	-
Options granted in 2007 - equity settled		-	29,726	-	29,726
Options granted in 2008 – equity settled		11,550	-	11,550	-
Shares issued to Non-Executive Directors in lieu of fees		18,928	16,682	18,928	16,682
Total expense recognised as employee costs	*5*	30,478	51,913	30,478	46,408
Total carrying amount of liabilities for cash-settled arrangements		-	-	-	-
Total intrinsic value of liability for vested benefits		-	-	-	-

During the 2008 financial year $4,750 of the carrying amount of the liability at 30 June 2007 was settled.

17. Provisions

Current

	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Provision for make good costs	-	20,000	-	-
Provision for surplus leased premises	-	-	-	-
	-	20,000	-	-

Provision for make good costs

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Balance at 1 July		20,000	-	-	-
Provisions made during the year		-	20,000	-	-
Provisions used during the year		20,000	-	-	-
Provisions reversed during the year		-	-	-	-
Balance at 30 June		-	20,000	-	-

A provision of $20,000 was made during the year ended 30 June 2007 in respect of the consolidated entity's obligation to the landlord to make good the premises on expiration of the lease.

Provision for surplus leased premises

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Balance at 1 July		-	-	-	-
Provisions made during the year		-	252,016	-	-
Provisions used during the year		-	(252,016)	-	-
Balance at 30 June		-	-	-	-

Notes to the consolidated financial statements

18. Capital and reserves

Reconciliation of movement in capital and reserves

Consolidated	*Note*	Share capital	Share based payments reserve	Fair value reserve	Accumulated losses	Total equity
Balance at 1 July 2006		97,785,276	-	-	(91,977,911)	5,807,365
Total recognised income and expense		-	-	-	(3,630,451)	(3,630,451)
Shares issued to Non-Executive Directors in lieu of fees	*16*	16,682	-	-	-	16,682
Shares issued as consideration for acquisition of subsidiary	*21*	1,669,500	-	-	-	1,669,500
Equity-settled transactions, net of tax		182,900	-	-	35,229	218,129
Private placement		750,000	-	-	-	750,000
Transaction costs arising from issue of shares		(146,838)	-	-	-	(146,838)
Balance at 30 June 2007		100,257,520	-	-	(95,573,133)	4,684,387
Balance at 1 July 2007		100,257,520	-	-	(95,573,133)	4,684,387
Total recognised income and expense		-	-	-	(715,537)	(715,537)
Shares issued to Non-Executive Directors in lieu of fees	*16*	23,679	-	-	-	23,679
Net change in fair value of available-for-sale financial assets		-	-	(184,395)	-	(184,395)
Impairment of available-for-sale assets transferred to profit or loss		-	-	184,395	-	184,395
Reallocation of Share Based Payments		-	35,229	-	(35,229)	-
Equity-settled transactions, net of tax		-	11,550	-	-	11,550
Balance at 30 June 2008		100,281,199	46,779	-	(96,323,899)	4,004,079

The Company		Share capital	Share based payments reserve	Fair value reserve	Accumulated losses	Total equity
Balance at 1 July 2006		97,785,276	-	-	(91,872,328)	5,912,948
Total recognised income and expense		-	-	-	(3,705,943)	(3,705,943)
Shares issued to Non-Executive Directors in lieu of fees	*16*	16,682	-	-	-	16,682
Shares issued as consideration for the acquisition of subsidiary	*21*	1,669,500	-	-	-	1,669,500
Equity-settled transactions, net of tax		182,900	-	-	35,229	218,129
Private placement		750,000	-	-	-	750,000
Transaction costs arising from the issue of shares		(146,838)	-	-	-	(146,838)
Balance at 30 June 2007		100,257,520	-	-	(95,543,042)	4,714,478
Balance at 1 July 2007		100,257,520	-	-	(95,543,042)	4,714,478
Total recognised income and expense		-	-	-	(1,631,502)	(1,631,502)
Shares issued to Non-Executive Directors in lieu of fees	*16*	23,679	-	-	-	23,679
Net change in fair value of available-for-sale financial assets		-	-	(184,395)	-	(184,395)
Impairment of available-for-sale assets transferred to profit or loss		-	-	184,395	-	184,395
Equity-settled transactions, net of tax		-	11,550	-	-	11,550
Reallocation of Share Based Payments		-	35,229	-	(35,229)	-
Balance at 30 June 2008		100,281,199	46,779	-	(97,209,773)	3,118,205

18. Capital and reserves (continued)

Share capital

	The Company Ordinary shares	
	2008	**2007**
On issue at 1 July	219,548,010	179,504,211
Issued to Non-Executive Directors in-lieu of fees	985,614	510,799
Shares issued as consideration for the acquisition of subsidiary	-	26,500,000
Equity-settled transactions	-	3,658,000
Private placement	-	9,375,000
On issue at 30 June – fully paid	220,533,624	219,548,010

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share Based Payments Reserve

The share based payments reserve represents the value of securities which are issued under the Employee Option Plan as described in Note 16.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

19. Financial instruments

Exposure to credit and market risks arise on a minimal basis in the normal course of the consolidated entity's business.

Credit risk

Credit risk arises principally from the consolidated entity's receivables and short term deposits. Exposure to credit risk is monitored on an ongoing basis. The consolidated entity does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The consolidated entity limits its exposure to credit risk by investing in short term deposits with counter parties that have a high credit rating. Therefore management does not expect any counter party to fail to meet its obligations. None of the Company or consolidated entity's receivables are past due (2007: nil).

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity manages this by monitoring forecasts and cash flow to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. All of the consolidated entity's and company's financial liabilities are due within 12 months.

Market risk

Market risk is the risk that changes in market prices will affect the consolidated entity's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The consolidated entity manages this risk by entering into term deposits with fixed interest rates to control market exposure.

19. Financial instruments (continued)

Sensitivity analysis

In managing interest rate risk the consolidated entity aims to reduce the impact of short-term fluctuations on the consolidated entity's earnings. Over the longer-term, however, permanent changes interest rates would have an impact on profit.

At 30 June 2008, it is estimated that a change of one percentage point in interest rates would result in a maximum increase or decrease in the consolidated entity's loss before tax of approximately $38,000 or 5.3% of the net loss for the period ended 30 June 2008 (2007: $49,000 or 1.1%)). For the Company, it is estimated that a change of one percentage point would result in a maximum increase or decrease in loss before tax of approximately $38,000 or 2.3% (2007: $41,000 or 1.1%). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for the prior period.

Other market price risk

Equity price risk arises from available for sale equity securities held. The consolidated entity monitors the mix of available for sale investments. Investments are managed on an individual basis and all investment decisions are approved by the Board.

At 30 June 2008, it is estimated that a change of twenty percentage points of the market price of available for sale equity securities would result in a maximum increase or decrease in the consolidated entity's loss before tax of approximately $43,320 or 6.1% of the net loss for the period ended 30 June 2008. For the Company, it is estimated that a change of twenty percentage points would result in a maximum increase or decrease in loss before tax of approximately $43,320 or 2.7%. This analysis assumes that all other variables remain constant. No available for sale equity securities were held in the prior period.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Trade and other receivables	*11*	88,297	88,297	136,723	136,723
Cash and cash equivalents	*10*	3,787,862	3,787,862	4,917,590	4,917,590
Investments in listed entities	*12*	216,600	216,600	-	-
Trade and other payables	*15*	(102,550)	(102,550)	(349,926)	(349,926)
		3,990,209	3,990,209	4,704,387	4,704,387

The Company	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Trade and other receivables	*11*	66,755	66,755	53,090	53,090
Cash and cash equivalents	*10*	3,768,444	3,768,444	4,056,690	4,056,690
Investments in listed entities	*12*	216,600	216,600	-	-
Trade and other payables	*15*	(947,465)	(947,465)	(225,266)	(225,266)
		3,104,334	3,104,334	3,884,514	3,884,514

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables/payables

All receivables/payables have a remaining life of less than one year and the notional amount is deemed to reflect the fair value.

19. Financial instruments (continued)

Investments in listed entities

The fair value of investments in listed entities is determined by reference to their quoted bid price at the reporting date.

Capital Management

The Board's policy is to safeguard their ability to continue as a going concern so as to maintain investor, creditor and market confidence and to sustain future development of the business.
Total capital is calculated as equity shown on the balance sheet.
There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20. Expenditure commitments

Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		The Company	
	2008	2007	2008	2007
Within one year	139,191	-	139,191	-
Between one and five years	183,128	-	183,128	-
	322,319	-	322,319	-

The consolidated entity leases office space under operating leases. The lease runs for a period of 3 years with an option to renew for a further 3 years. Lease payments are increased every year to reflect market rentals. During the year ended 30 June 2008 $104,229 was recognised as an expense in the income statement in respect of operating leases (2007: $430,810).

Consulting services

Commitments under non-cancellable contract for consulting services not provided for in the financial statements and payable:

	Consolidated		The Company	
	2008	2007	2008	2007
Within one year	-	36,000	-	-
Between one and five years	-	-	-	-
	-	36,000	-	-

21. Consolidated entities

	Country of Incorporation	Ownership interest	
		2008	2007
Parent entity			
Ambri Limited			
Subsidiaries			
Ambri Operations Pty Limited	Australia	100%	100%
Pellias Pty Limited	Australia	100%	100%
Glykoz Pty Limited	Australia	100%	100%

In the financial statements of the Company, investments in controlled entities are measured at cost less impairment losses and included in investments. Refer to note 12.

On 11 December 2006 Ambri Limited acquired 100% of Glykoz Pty Limited. At acquisition date the net assets of Glykoz Pty Limited were $829,964 and included cash of $796,986. Ambri Limited issued 26,500,000 fully paid ordinary shares at an issue price of 6.3 cents per share, or $1,669,500, in total as consideration for this acquisition.

Glykoz Pty Limited is the holder of specified biotech patents which are licensed to a third party.

The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

The acquiree's fair values at acquisition date	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
	$	$	$
Cash and cash equivalents	796,986	-	796,986
Trade and other receivables	42,578	-	42,578
Trade and other payables	(9,600)	-	(9,600)
Net identifiable assets and liabilities	829,964	-	829,964
Goodwill on acquisition			839,536
Total consideration paid – satisfied by the issue of shares			1,669,500

From the date of acquisition to 30 June 2007, the subsidiary contributed profit of $28,496. If the acquisition had occurred on 1 July 2006, management estimates that the consolidated revenue would have been $1,279,055 and consolidated loss for the year would have been $4,059,437.

An impairment loss of $839,536 was allocated fully to goodwill on acquisition and has been included in "other expenses" in the prior year since it is still uncertain when licensing revenues will be received by Glykoz Pty Limited.

22. Reconciliation of cash flows from operating activities

	Note	Consolidated 2008	Consolidated 2007	The Company 2008	The Company 2007
Cash flows from operating activities					
Loss for the period		(715,537)	(3,630,451)	(1,631,502)	(3,705,943)
Adjustments for:					
Depreciation	*14*	4,001	-	4,001	-
Fixed assets written off	*14*	2,350	2,245	2,350	-
Gain on sale of property, plant and equipment	*3*	(5,472)	(423,493)	(2,350)	-
Impairment loss/(gain) on intercompany receivable	*4*	-	-	-	(2,974)
Impairment of goodwill	*4*	-	839,536	-	-
Impairment loss on available for sale investment	*4*	184,395	-	184,395	-
Impairment loss on intercompany investment	*4*	-	-	829,962	839,536
Equity-settled share-based payment expenses	*18*	35,229	219,813	35,229	214,308
Operating loss before changes in working capital and provisions		(495,034)	(2,992,350)	(577,915)	(2,655,073)
(Increase)/decrease in trade and other receivables		33,426	(9,054)	(13,665)	(41,779)
(Increase)/decrease in inventories		-	17,815	-	-
Increase/(decrease) in trade and other payables		(247,376)	111,278	(122,801)	114,298
Increase/(decrease) in provisions and employee benefits		(14,911)	(201,171)	5,089	-
Net cash from operating activities		(723,895)	(3,073,482)	(709,291)	(2,582,554)

23. Related parties

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-Executive Directors
Brett Heading (Chairperson)
Ian Nisbet
Timothy Brown (appointed 21 August 2007)
Mitchell Rosenberg (resigned 21 August 2007)

Executives
Angus Craig
(Chief Financial Officer/Company Secretary)
(appointed 30 August 2007)
Paul Jobbins
(Chief Financial Officer/Company Secretary)
(appointed 20 December 2006, resigned 30 August 2007)

23. Related parties (continued)

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) is as follows:

	Consolidated		The Company	
In AUD	**2008**	**2007**	**2008**	**2007**
Short-term employee benefits	160,665	278,836	160,665	155,005
Post-employment benefits	12,776	35,087	12,776	8,901
Termination benefits	-	122,406	-	-
Share-based payments	27,341	35,231	27,341	29,726
	200,782	471,560	200,782	193,632

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

No key management personnel and/or their related parties had loan balances at the commencement of the financial year with the Company or consolidated entity. No loans were granted to key management personnel and/or their related parties at any time in the reporting period.

Key management personnel transactions

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

			Consolidated		The Company	
		Note	**2008**	**2007**	**2008**	**2007**
Other related parties	**Transaction**					
McCullough Robertson - Brett Heading	Legal Fees	*(i)*	93,477	70,640	89,596	70,640

(i) Legal services were provided to the company by McCullough Robertson Solicitors, a firm of which Brett Heading is a Partner. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Amounts payable to key management personnel and other related parties at reporting date arising from the above transactions were as follows:

	Consolidated		The Company	
	2008	**2007**	**2008**	**2007**
Other related payables				
Trade creditors	-	60,232	-	60,232

23. Related parties (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Ambri Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Granted as compensation	Exercised	Other changes*	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
Directors							
J B Heading	780,000	500,000	-	-	1,280,000	500,000	1,280,000
I Nisbet	-	500,000	-	-	500,000	500,000	500,000
T Brown	-	2,000,000	-	-	2,000,000	1,000,000	1,000,000
Executives							
A Craig	-	300,000	-	-	300,000	150,000	150,000

	Held at 1 July 2006	Granted as compensation	Exercised	Other changes*	Held at 30 June 2007	Vested during the year	Vested and exercisable at 30 June 2007
Directors							
J B Heading	-	780,000	-	-	780,000	780,000	780,000
J Grant	100,000	-	-	(100,000)	-	-	-
T Clifton	100,000	-	-	100,000)	-	-	-
Executives							
B Cornell	150,000	-	-	(150,000)	-	-	-
P Camilleri	50,000	-	-	(50,000)	-	-	-

No options held by key management personnel are vested but not exercisable at 30 June 2007 or 2008.

No options were held by key management person related parties.

23. Related parties (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Ambri Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	In Lieu of Salary/ Fees***	Purchases	Received on exercise of options	Sales	Held at 30 June 2008	Vested at 30 June 2008
Directors							
J B Heading	-	-	-	-	-	-	-
I Nisbet	69,275	490,833	-	-	-	560,108	560,108
T Brown	-	370,500	-	-		370,500	370,500
M Rosenberg	66,525	124,311	-	-	-	190,836**	190,836**
Executives							
A Craig	-	-	600,000	-	-	600,000	600,000

	Held at 1 July 2006	In Lieu of Salary/ Fees***	Purchases	Received on exercise of options	Sales	Held at 30 June 2007	Vested at 30 June 2007
Directors							
J Grant	1,213,414	208,333	-	-	-	**1,421,747	**1,421,747
S Itescu	230,966	83,333	-	-	-	**314,299	**314,299
T Clifton	229,133	83,333	-	-	-	**321,466	**321,466
R Zwolenski	850,000	-	-	-	-	**850,000	**850,000
J B Heading	-	-	-	-	-	-	-
I Nisbet	-	69,275	-	-	-	69,275	69,275
M Rosenberg		66,525	-	-	-	66,525	66,525
Executives							
B Cornell	731,281	-	-	-	-	*731,281	*731,281
G Drane	100,000	-	-	-	-	*100,000	*100,000
R Richards	100,000	-	-	-	-	*100,000	*100,000

* As at termination of employment
** As at resignation as a Director
*** Held in trust by Pellias Pty Ltd under the Executive Officer Share Plan

23. Related parties (continued)

Non-key management personnel disclosures

Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 21) and with its key management personnel (refer to disclosures for key management personnel on preceding pages).

Subsidiaries

At balance sheet date an intercompany receivables balance existed betwen the Company and its wholly owned subsidiaries. The movement in the intercompany receivables balance between balance sheet dates represents the provision of working capital to Ambri Operations Pty. The intercompany receivables balance at any point in time is non-interest bearing and repayable on demand. At 30 June 2008 the amount owed to the Company by its subsidiary was $636,418 (2007: $596,586) and a provision for impairment was made for $636,418 (2006: $596,586). An impairment loss of $39,832 (2007: $(2,974)) has been included in other expenses.

At balance date an intercompany payable balance existed between the Company and its wholly owned subsidiaries. The movement in the intercompany payables balance between balance sheet dates represents the provision of working capital from Glykoz Pty Ltd. The intercompany payable balance at any point in time is non-interest bearing and repayable on demand. At 30 June 2008 the amount owed by the Company to its subsidiary was $845,000 (2007: nil).

24. Subsequent events

Since the end of the period, the Company acquired an interest in Xbio Systems Inc (‘Xbio’) an unlisted technology company in the life sciences sector. Xbio has developed and is commercialising an Integrated Drug and Device Development Platform to support activities undertaken by clinical trial vendors, research organisations, trial sites, and biotechnology and pharmaceutical companies. The Company subscribed $200,000 for a convertible note instrument with a minimum coupon rate of 15% pa and which is convertible by 30 June 2009.

Other than the matter noted above, there have been no events subsequent to balance date which would have a material effect on the consolidated entity’s financial statements at 30 June 2008.

Ambri Limited and its controlled entities

Directors' declaration

1. In the opinion of the directors of Ambri Limited ('the Company'):

   (a) the financial statements and notes that are set out on pages 17 to 46, and the Remuneration report in the Directors' report, set out on pages 9 to 14, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Financial Officer for the financial year ended 30 June 2008.

Dated at Brisbane this 31st day of July 2008.

Signed in accordance with a resolution of the directors:

M. Morgan
Chairman

Independent audit report to the members of Ambri Limited

Report on the financial report

We have audited the accompanying financial report of Ambri Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration set out on pages 17 to 47 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of Ambri Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Material uncertainty regarding continuation as a going concern

Without qualification to our opinion, attention is drawn to the following matter:

The consolidated entity reported a net loss of $715,537 for year ended 30 June 2008 and has accumulated losses of $96,323,899 as at 30 June 2008. The consolidated entity has total equity of $4,004,079 as at 30 June 2008.

As described in Note 1(b) 'Basis of preparation', the directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In preparing the financial report the directors have considered the consolidated entity's financial forecasts which indicate that the consolidated entity should have sufficient cash resources to pay all estimated liabilities and commitments at least to the end of August 2009. The financial forecasts for this period have assumed that the consolidated entity's business will continue at the current level.

However, should the directors be unable to identify appropriate partnering or new business opportunities, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ambri Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Simon Crane
Partner

Brisbane
31 July 2008

Corporate Governance

Ambri is committed to and has substantially complied with the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the ASX Corporate Governance Council in March 2003. This section outlines the main Corporate Governance practices and procedures that the Company has had in place during and at the end of the financial year.

Role of the Board

The Board has established and approved a Board Charter. This Charter is available on the Company's website www.ambri.com. Under this Charter the Board is responsible for:

- Consideration and approval of corporate strategies proposed by executive officers and monitoring their implementation;
- Approving, overseeing and monitoring financial and other reporting to shareholders, employees and other stakeholders of the Company;
- Ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- Appointing, monitoring the performance of, and removing the executive officers;
- Ratifying the appointment, and where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- Reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal control and accounting systems; and
- Ensuring appropriate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility.

Composition of the Board

The names of the Directors of the Company in office during the financial year are set out in the Directors' Report. The composition of the Board has been determined using the following principles:

- The Constitution of the Company provides for a minimum of three Directors and a maximum of ten;
- The Chair of the Board should be a Non-Executive Director;
- The Board should comprise a majority of Non-Executive Directors;
- The Board should have enough Directors to serve on various Committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- The Board should comprise Directors with a broad range of expertise both nationally and internationally.

The Board has reviewed the current composition of the Board and the independence criterion that has been outlined in Principle 2 of "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the ASX Corporate Governance Council in March 2003. The Board has made enquiries of each Director and has determined that at the end of the year the Board was comprised of three independent Directors, including the current Chairman (Brett Heading), Ian Nisbet and Timothy Brown. As such, it is the opinion of the Board that the majority of Directors are independent.

The Board does not have a Nominations Committee. The full Board reviews the necessary Board skill set and oversees the appointment of members to the Board. The Chairman ensures that there is an adequate induction process for new Directors. There are official Letters of Appointment which outline the term of office, duties, rights and responsibilities.

The review of performance of the Board and Individual Directors is outlined in the section *Performance Evaluation* (refer below).

Non-Executive Directors' Remuneration Policy

Total remuneration for all Non-Executive Directors during the financial year is set out in the Directors' Report. These fees are within the aggregate approved by the shareholders.

Director's fees cover all main Board activities and membership of Committees. There are no additional fees for Committee membership. These fees exclude any additional 'fee for service' based arrangements with the Company, which may be agreed from time to time. There were no such additional fees paid during the financial year. Agreed out of pocket expenses are payable in addition to Director's fees. It is also noted that there are no retirement or other long service benefits that accrue on appointment to the Board.

Conflict of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

In the event that a conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

Independent Professional Advice

Each Director has the right, subject to prior consultation with the Chairman, to seek independent professional advice at the Company's expense if such advice is essential to the proper discharge of the Director's duties. The Chairman may notify other Directors of the approach with any resulting advice being made available to all other Board members.

The Chairman

The Chairman is elected by the full Board and is responsible for:

- Leadership of the Board;
- The efficient organisation and conduct of the Board's functions;
- The promotion of constructive and respectful relations between Board members and between the Board and Management;
- Contributing to the briefing of Directors in relation to issues arising at Board meetings;
- Facilitating the effective contribution of all Directors; and
- Committing the time necessary to effectively discharge the role of Chairman.

Committees

As the Board currently consists of only 3 members it was considered unnecessary to form separate committees. The Board performs the functions of each committee.

Financial Reporting

The Chief Financial Officer has declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2008 comply with accounting standards and present a true and fair view of the Company's financial position and operating results.

Code of Conduct and Ethical Standards Policy

The Company has a Code of Conduct and an Ethical Standards Policy which sets out the standards in accordance with which each Director, manager and employee of the Company is expected to act. The requirement to comply with the Code of Conduct and the Ethical Standards Policy is communicated to all employees. The Policy is available to all personnel and addresses all stakeholders including shareholders, employees, clients/customers and the community as a whole.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. A summary of the Code of Conduct and Ethical Standards Policy is available on the Company's website www.ambri.com.

Share Trading Policy

The Company has in place a policy that restricts the time periods and circumstances in which Directors and employees can buy and sell shares in the Company. A summary of the Share Trading Policy is available on the Company's website www.Ambri.com.

Further, in accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Stock Exchange, Directors advise the Exchange, through the Company, of any transactions conducted by them in shares in the Company.

Continuous Disclosure Policy

The Company has in place a policy regarding "Continuous Disclosure" which is consistent with the ASX Listing Rules. The Board ensures that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the continuous disclosure requirements of the ASX Listing Rules. All documents that are released to the ASX are made available on the Company's internet website at www.Ambri.com and on the ASX website www.asx.com.au.

This Policy has been developed to give all investors equal opportunity to access all material information on a timely basis. The policy and associated procedures are designed to ensure that all material information is presented in a balanced, factual and clear manner. A summary of the Continuous Disclosure Policy is available on the Company's website www.ambri.com.

Shareholder Rights and Communication

The Company recognises the importance of shareholder meetings and shareholders are encouraged to attend the meetings and exercise their rights. Those who are unable to attend may access the information via the website. These meetings include addresses from the Chairman and time is allowed for shareholder questions. Further, the Company's external auditor attends the meetings and is available to answer shareholder questions. All shareholders will be treated with courtesy and respect in accordance with the Company's Code of Conduct.

All shareholder communications, including important presentations by the Company, are made available on the Company's website www.ambri.com. Further, the Company actively manages its website and invites shareholders and other interested parties to input their details so as to receive email alerts when announcements are made by the Company. The Company encourages all shareholders to avail themselves of this opportunity and register their details via the website.

Risk Management Policy and Internal Compliance and Control System

The Board is responsible for establishing the Company's goals and objectives and overseeing the establishment, implementation and review of the Company's risk management system and delegated the responsibility of reviewing the effectiveness of the risk management system to the Audit & Risk Committee.

Management is responsible for establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material risks. Management is also responsible for implementing procedures and to monitor and deal with identified material risks. Management has undertaken to inform the Board of any new material risks and outline the actions that have been undertaken to manage such material risks.

The Chief Financial Officer has also declared in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. However in providing these declarations it was noted by the Board that the Company's Risk Management System is evolving. The present system of internal controls is currently designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These controls are intended to enable the timely identification of problems that require the attention of the Board. It is also noted that:

- Both Management and the Board believe that given the Company's current state of development and the need to effectively allocate limited resources it is reasonable not to have an Internal Audit function at present; and
- even well designed, implemented and monitored controls and procedures can only provide a level of assurance of achieving the desired control objectives. As all control systems have inherent limitations, no evaluation of the company's controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. However, no instances of fraud have been reported to the Board.

Performance Evaluation

The Company monitors and evaluates the performance of its Board, Board Committees, individual Directors and key Executives in order to fairly review and actively encourage enhanced Board and Management effectiveness.

1. *The Board and Individual Directors*

   It is proposed that each year the Board will undertake the following evaluation activities:

   a) the Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement;
   b) the Chairman meets with each Non-Executive Director separately to discuss individually performance including areas for development; and
   c) a nominated Director meets with and reviews of the performance of the Chairman.

   Although the evaluation of the Board and individual Directors has been monitored during the financial year it is proposed that the next formal evaluation will be performed and completed prior to the Annual General Meeting.

2. *CEO and Key Executives*

   Ambri is a development stage company and does not yet have products generating revenue, performance is measured by reference to research and development work and it's impact on shareholder value. Consequently, the achievement of target technical milestones is foremost among the key performance indicators the Company uses to measure performance.

Ambri Limited and its controlled entities

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information presented is at 31 July 2008.

CLASS OF SHARES AND VOTING RIGHTS

There were 3,067 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 12.1 of the Company's Constitution, are in summary, subject to the Constitution, the Listing Rules and the rights or restrictions on voting which may attach to or be imposed on any class of Shares:

(a) on a show of hands every Member (including each holder of preference Shares who has a right to vote) present in person or by proxy or attorney or representative will have one vote; and

(b) on a poll every Member (including each holder of preference Shares who has a right to vote) present in person or by proxy, attorney or representative will have one vote for each fully paid Share held by that Member and a fraction of a vote for each partly paid Share, equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) for that Share, ignoring any amounts paid in advance of a call.

There were no quoted options over unissued ordinary shares of the Company.

There were the following unquoted options over unissued ordinary shares:

1,300,000 options issued to employees under the employee option plan with an exercise price of $0.04 and an expiry date of 30 November 2009.
2,000,000 options issued to director as approved by shareholders at the annual general meeting on 30 November 2007 with an exercise price of $0.04 and an expiry date of 30 November 2009.
1,000,000 options issued to director as approved by shareholders at the annual general meeting on 30 November 2007 with an exercise price of $0.06 and an expiry date of 30 November 2009.
780,000 options issued to a director as approved by shareholders at the annual general meeting on 15 December 2006 with an exercise price of $0.06 and an expiry date of 15 December 2009.

1,000,000 options as approved by shareholders at the annual general meeting on 15 December 2006 with an exercise price of $0.16 and an expiry date of 15 December 2008.

1,000,000 options as approved by shareholders at the annual general meeting on 15 December 2006 with an exercise price of $0.24 and an expiry date of 15 December 2009.

5,000,000 options as approved by shareholders at the annual general meeting on 15 December 2006 with an exercise price of $0.48 and an expiry date of 15 December 2010.

There are no voting rights attached to the unissued ordinary shares.

DISTRIBUTION OF SHAREHOLDERS

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 - 1,000	960	551,640
1,001 - 5,000	734	2,064,316
5,001 - 10,000	363	2,939,427
10,001 - 100,000	665	16,689,082
100,001 and over	345	198,289,159
	3,067	220,533,624

The number of shareholders holding less than a marketable parcel of ordinary shares of 45,455 shares as of 31 July 2008, is 2,668.

ASX Additional Information continued

TWENTY LARGEST SHAREHOLDERS

Ordinary Shares (quoted)

	Name	Number of ordinary shares held	Percentage of capital held
1	ANZ Nominees Limited (Cash Income A/C)	68,041,046	30.85
2	QBF No. 2 Pty Ltd (QLD Biocapital Fund No2 A/C)	14,925,741	6.77
3	QBF No. 1 Pty Ltd (QLD Biocapital Fund No1 A/C)	14,925,740	6.77
4	Scintilla Strategic Investments Ltd	6,000,000	2.72
5	Paso Holdings Pty Ltd	4,444,132	2.02
6	Scintilla Strategic Investments Ltd	3,300,000	1.50
7	Gordon Holdings (QLD) Pty Ltd	2,400,000	1.09
8	GBS Venture Partners Limited	2,191,670	0.99
9	Gabriel Jewellers Pty Ltd	2,106,834	0.96
10	Genencor International Inc	1,908,834	0.87
11	Symbiosis Group Limited	1,862,920	0.84
12	NEFCO Nominees Pty Ltd	1,500,000	0.68
13	Mr Neil Trevor Hay	1,316,015	0.60
14	Lawrence Crowe Consulting Pty Ltd (LCC Super Fund a/c)	1,300,000	0.59
15	Pellias Pty Limited	1,244,907	0.56
16	Mr Paul Gerard Kearey	1,180,694	0.54
17	Teqstart Pty Ltd	1,168,930	0.53
18	Primus Telecommunications International Inc	1,114,687	0.51
19	Dr John Tomasich & Mr Myron Kulbac	1,050,000	0.48
20	Aris Nominees Pty Ltd (Shreeve Super Fund a/c)	1,000,000	0.45
		132,982,176	64.37

SUBSTANTIAL SHAREHOLDINGS

Queensland Investment Corporation holding 29,851,481 shares, representing 13.5% of the company's issued capital.

ISSUES UNDER EXECUTIVE OFFICER SHARE PLAN

During the year, the following share were issued under the Executive Officer Share Plan in lieu of cash payments otherwise payable in accordance with the prior approval of shareholders and ASX listing rule 10.14:

Date of Issue	Number of shares issued	Issue Price
July 2007	158,334	$0.03
August 2007	45,114	$0.03
October 2007	79,166	$0.03
January 2008	228,000	$0.03
April 2008	237,500	$0.02
June 2008	237,500	$0.02
	985,614	

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