

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
A.C.N. 106 213 772**

**Financial Report
For the year ended
30 June 2014**

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ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY DIRECTOR'S REPORT

The directors present their report together with the financial report of the consolidated entity consisting of ATF Group (PDF) Limited ("ATF") and the entity it controlled for the financial year ended 30 June 2014 and auditors report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

The names of the directors in office at any time during or since the end of the financial year are:

Professor Raymond Schinazi appointed 3 August 2007

Jon Lamb appointed 7 November 2007

Bernard Romanin appointed 30 May 2008

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The consolidated group is a pro-active investor in Australian personalised health care and therapy management technologies, with a view to facilitating their international development.

No significant change in the nature of these activities occurred during the year.

Results

The loss of the consolidated group for the year after providing for income tax amounted to \$60,784 (2013: Loss of \$388,019).

Review of operations

During the financial year the Company realised its investment in Evivar Medical and the funds received from the sale of the Evivar assets were used to pay creditors.

In addition the Directors sought new investors for the company and identified companies who have interest in acquiring a major holding in the Company (and utilising the PDF status of the Company).

One group has shown sufficient interest to proceed to a Letter of Mandate to support the recapitalisation.

Significant Changes in State of Affairs

There were no significant changes in the parent entity's and consolidated entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this financial report.

After balance date events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY DIRECTOR'S REPORT

Likely Developments

During the financial year the focus of the Directors has been to identify one or more investors who have an interest in acquiring a major holding in the Company (and utilising the PDF status of the Company). Discussions have been held with several interested parties. One group has shown sufficient interest to proceed to a Letter of Mandate to support a proposed recapitalisation. The discussions to date include provisions for a financial payment which would be required to provide sufficient capital to clear the Company's existing liabilities. The Board believes this is the only avenue presently open to them to return some value, even if it is very small, to shareholders. The Directors cannot guarantee that the interested party will acquire a major holding or that the proposed recapitalisation will be successful.

Environmental Regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid, Recommended, and Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Directors and Company Secretary

Professor Raymond F. Schinazi
PhD DSc

Special Responsibilities

Chairman and Non
Executive Director

Experience and Qualifications

Professor Schinazi has extensive senior management experience in biotech startups, virology, drug discovery and is the founder of several biotechnology companies focusing on antiviral drug discovery and development, including Pharmasset Inc (sold to Gilead Sciences in 2012), Triangle Pharmaceuticals (sold to Gilead Sciences in 2002, Idenix Pharmaceuticals, and RFS Pharma LLC. He has published over 490 peer reviewed papers and seven books and holds more than 100 issued US patents.

He is a pioneer in the development of HIV drugs for the treatment of HIV with more than 94% of individuals on treatment taking at least one of the drugs he invented. He is also the inventor of lamivudine, the first orally approved drug for the treatment of HBV. As the founder of Pharmasset, he was involved in the early development of Sofosbuvir, a drug now approved by the US FDA that can cure HCV infections. Dr Schinazi is the recipient of numerous awards including the 2006 Distinguished Scientist Award from the Hepatitis B Foundation and a Honorary Doctor of Science from Bath University, UK. In 2013, he was inducted as a Charter Fellow into the National Academy of Inventors, and the same year he received the Distinguished Medical Science Award from the National Library of Medicine. He has also served on the Presidential Commission on AIDS. He is currently the Frances Winship Walters Professor of Pediatrics and Chemistry and Director of the Laboratory of Biochemical Pharmacology at Emory University and the Veterans Affairs Medical Center, Atlanta, Georgia in the United States.

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
DIRECTOR'S REPORT**

Information on Directors and Company Secretary (continued)

Directors and Company Secretary

Jon Lamb
Dip IMM

Special Responsibilities

Deputy Chairman &
Non-Executive Director

Experience and Qualifications

Formerly Chief Executive Officer with Beecham New Zealand, Mr Lamb joined Beecham's marketing division in brand management and new product development, working in South Africa, London, Australia and New Zealand. At age thirty, he was the youngest CEO in the Group and reluctantly left the company after his family decided to settle permanently in New Zealand.

Mr. Lamb has held Directorships of both public and private companies with a focus in the bio-medical field. He has acted as adviser to both the Thai Government and the then newly elected Mandela Government in South Africa as Advisor to the Strategic Planning Council. Mr. Lamb brings a wealth of over thirty years international experience in the pharmaceutical and bio-medical arena ranging from private start up companies to multinational public corporations.

Bernard Romanin
Bachelor of Applied Science
Grad Dip Marketing

Non-Executive
Director - Appointed
30 May 2008

Experience and Qualifications

Mr. Romanin has healthcare experience in Diagnostics, Pharmaceuticals and Medical Devices gained over 30 years in Australia and internationally. He has extensive commercial expertise in sales and marketing, technology licensing and partnership management. He has experience in managing start-up and new market business opportunities. During almost a decade in the USA with Chiron and Novartis, he has directed market development activities to identify, validate and commercialise new opportunities in molecular-based and immuno-based diagnostics in the areas of Infectious Diseases (Hepatitis and HIV/AIDS), Oncology, Cardiovascular Disease and Metabolic Disorders.

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

Professor Raymond Schinazi
Jon Lamb
Bernard Romanin

Directors Meetings	
Eligible to attend	Attended
8	8
8	8
8	8

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
DIRECTOR'S REPORT**

Directors' Interests in Shares or Options

Directors' relevant interests in shares of ATF Group (PDF) Limited or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:	Ordinary Shares of AFT Group (PDF) Limited
Professor Raymond Schinazi	4,409,991
Jon Lamb	5,338,772
Bernard Romanin	1,635,914

Share Options

As part of the share placement offer to Christopher Cuffe dated 7 July 2011, 2,600,000 options exercisable at A\$0.12 each were offered and accepted, expiring 36 months from date of issue. These options were not exercised and have lapsed.

There have been no other share options issued since the beginning of the financial year.

Non audit Services

Non-audit services are approved by the board of directors. Non-audit services were provided by the Pitcher Partners (Melbourne). The directors are satisfied that the provision on the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2014	2013
	\$	\$
Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:		
Taxation services	6,170	-

Remuneration Report

Remuneration Policies

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of director as whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contribution and leadership.

For key management personnel, the company provides a remuneration package that incorporates cash-based and share-based remuneration in lieu of cash. The contract for service between the company and key management personnel are of a continuing basis and terms of which are not expect to change in the immediate future.

The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

There is no relationship between the company's remuneration policy and the company's performance and remuneration is not dependent on the satisfaction of a performance condition.

Non-executive directors receive fees and do not receive options or bonus payments.

The company determines the maximum amount for remuneration, for directors by resolution. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements. The names and position of each person who held the position of director at any time during the financial year is provided above. The named executives in the consolidated group who received the highest remuneration for the financial year are:

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
DIRECTOR'S REPORT**

Remuneration Report (continued)

<i>Executives</i>	<i>Position</i>
Professor Raymond Schinazi	Chairman and Non Executive Director
Jon Lamb	Deputy Chairman & Director
Bernard Romanin	Non-Executive Director

Directors & Executives Remuneration

	Short-Term		Post Employment	Share-based	Total
	Salary	Fees	Superannuation	payments	
	\$	\$	\$	\$	\$
2014					
Prof. Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
Bernard Romanin	-	-	-	-	-
	-	-	-	-	-
2013					
Prof. Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
J A (Tony) Wigginton	-	-	-	-	-
Bernard Romanin	-	-	-	-	-
	-	-	-	-	-

Directors' Equity Holdings

	Balance 1/07/13	Granted during the year	Balance 30/06/14
	Number	Number	Number
Prof. Raymond Schinazi	1,875,000	2,534,991	4,409,991
Jon Lamb	-	5,338,772	5,338,772
Bernard Romanin	-	1,635,914	1,635,914
	1,875,000	9,509,677	11,384,677

The directors had forgone past entitlements to accrued salaries, consulting and director's fees as per the minutes of the Board meeting on 15 March 2013. It was subsequently agreed that the following shares issued on 19 June 2014 be issued as part compensation for the previously forgiven amounts.

Professor Raymond Schinazi – 2,365,991 ordinary shares.

Jon Lamb – 5,338,772 ordinary shares

Bernard Romanin – 1,622,394 ordinary shares

It is noted that these new shares have no real value at this point in time given the net asset deficiency of the Company. The directors acknowledge that there may be a future value to the shares on a successful recapitalisation.

For the financial year ended 30 June 2013 no salary or directors fees were paid.

-----end of the remuneration report-----

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
DIRECTOR'S REPORT**

Indemnification and insurance of directors, officers and auditors

During or since the end of the year, the consolidated entity has paid premiums in respect of an insurance contract in order to indemnify the directors of the company against liabilities that may arise from their position as officers of the company. Officers indemnified include all directors and executive officers participating in the management of the company.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under Section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings on Behalf of the Company

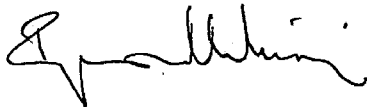
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:



Director

Bernard Romanin



Director

Raymond Schinazi

Dated this 13th day of October 2014.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ATF GROUP (PDF) LIMITED

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



M W PRINGLE
Partner

Date 14 October 2014.



PITCHER PARTNERS
Melbourne

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	Consolidated Group	
		2014	2013
		\$	\$
Revenue and other income			
Other income	4	96,102	211
Less: Expenses			
Travelling expenses		(567)	(8,283)
Administrative expenses		(106,132)	(118,862)
Legal fees		(27,196)	(48,056)
Impairment of property, plant and equipment	5	(15,710)	-
Impairment of loans and investments	5	(4,316)	(54,132)
		<u>(153,921)</u>	<u>(229,333)</u>
Finance Costs	5	(2,965)	(158,897)
Loss before income tax expense		<u>(60,784)</u>	<u>(388,019)</u>
Income tax expense	6	-	-
Loss from operations		<u>(60,784)</u>	<u>(388,019)</u>
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(60,784)</u>	<u>(388,019)</u>
Loss is attributed to:			
Members of the parent		<u>(60,784)</u>	<u>(388,019)</u>
Total comprehensive income attributable to:			
Members of the parent		<u>(60,784)</u>	<u>(388,019)</u>

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	Consolidated Group	
		2014	2013
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	8,574	-
Other financial assets	8	6,194	84,144
TOTAL CURRENT ASSETS		14,768	84,144
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	17,026
TOTAL NON-CURRENT ASSETS		-	17,026
TOTAL ASSETS		14,768	101,170
CURRENT LIABILITIES			
Trade and other payables	11	207,439	231,320
Borrowings	12	30,856	797,241
TOTAL CURRENT LIABILITIES		238,295	1,028,561
TOTAL LIABILITIES		238,295	1,028,561
NET LIABILITIES		(223,527)	(927,391)
EQUITY			
Share capital	13	14,073,155	13,308,507
Accumulated losses		(14,296,682)	(14,235,898)
TOTAL EQUITY		(223,527)	(927,391)

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Entity	Notes	Share Capital \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2012		12,106,007	(13,847,879)	(1,741,872)
Loss for the year			(388,019)	(388,019)
Total comprehensive income for the year attributable to members of the parent entity			(388,019)	(388,019)
Transactions with owners in their capacity as owners and other transfers:				
Conversion of loan funding to shares issued	13	1,200,000	-	1,200,000
Unissued shares	13	2,500	-	2,500
Total transactions with owners and other transfers		1,202,500	-	1,202,500
Balance at 30 June 2013		13,308,507	(14,235,898)	(927,391)
Loss for the year			(60,784)	(60,784)
Total comprehensive income for the year attributable to members of the parent entity			(60,784)	(60,784)
Transactions with owners in their capacity as owners and other transfers:				
Conversion of loan funding from related parties to shares issued	13	25,000		25,000
Conversion of interest on loan funding to shares issued	13	739,648		739,648
Total transactions with owners and other transfers		764,648		764,648
Balance as at 30 June 2014		14,073,155	(14,296,682)	(223,527)

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Group	
		2014	2013
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	15
Payments to suppliers and employees		(151,067)	(99,889)
Recovery of loans		92,451	-
Interest received		19	195
Borrowing costs		(2,965)	(6,783)
Net cash used in operating activities	14	<u>(61,562)</u>	<u>(106,462)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Loans from related parties		88,244	68,376
Net cash provided by investing activities		<u>88,244</u>	<u>68,376</u>
CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment)/Proceeds of borrowings		(16,875)	10,853
Net cash provided by/(used in) financing activities		<u>(16,875)</u>	<u>10,853</u>
Net (decrease)/increase in cash held		9,807	(27,233)
Cash at beginning of financial year		(1,233)	26,000
Cash at end of financial year	7,12	<u>8,574</u>	<u>(1,233)</u>

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent ATF Group (PDF) Limited and controlled entity ('Consolidated Group' or 'Group').

ATF Group (PDF) Limited, the legal parent, is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the directors as at the date of the directors' report.

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

ATF Group (PDF) Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of ATF Group (PDF) Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial incorporate the assets, liabilities and results of entities controlled by ATF Group (PDF) Limited at the end of the reporting period. A controlled entity is any entity over which ATF Group (PDF) Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 9 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

<i>Class of fixed asset</i>	<i>Depreciation rates</i>	<i>Depreciation basis</i>
Office Equipment	10 to 20%	Diminishing Value
Furniture, fixtures & fittings	7.5 % to 67%	Diminishing Value

(e) Income Tax

The Company (ATF Group (PDF) Limited) is a registered Pooled Development Fund (PDF). The PDF program was established by the Federal Government in 1993 to encourage investment in small and medium-sized Australian enterprises. The PDF Act is administered by the Venture Capital Committee (Committee).

Favourable tax treatment is available for both the Company, and its shareholders: There is no capital gains tax on the sale of shares held by a shareholder in a PDF. Shareholders may elect to treat dividends paid by the company as tax exempt or treat the franked amount of any such dividend as assessable income in order to receive the benefit of the attached franking credits. The Company pays a corporate tax rate of 15% on PDF investment income and 25% on other income.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income Tax (continued)

To maintain its status as a PDF, the Company must comply with the regulations imposed by the Pooled Development Funds Act 1992. The Company has to conduct its investment activities in accordance with the following:

- It must invest 65% of its raised capital within five years of the raising;
- It may only invest in new shares in Australian companies;
- It must invest over \$500,000 in each investment or, if it invests a lesser sum, take a minimum 10% equity in the investee company;
- Investee companies must have less than A\$50 million in total assets;
- The funds invested by the Company must be used to establish an eligible business, to substantially expand production capacity or to substantially expand existing markets of an eligible business.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(f) Borrowing Costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowing.

Borrowing costs are expensed as incurred.

(g) Impairment of Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(i) Financial Instruments

Classification

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as: financial assets at fair value through profit and loss account, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets

Investments in unlisted securities where the fair value can be measured reliably are carried at fair value through profit and loss, otherwise they are carried at cost.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Critical Accounting Estimates and Assumptions

The consolidated group and the parent entity make certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

Impairment

The consolidated group and the parent entity assess impairment at each reporting date by evaluating conditions specific to the entities that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment has been recognised where these assets are not expected to be recoverable (Note 5(b)). In respect of the remaining assets no impairment has been recognised. This is mostly due from the company's invested in or other related parties, or investments in unlisted entities.

(k) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed

(m) Adoption of new and amended accounting standards that are first operative at 30 June 2014

(a) AASB 10: Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

(b) AASB 12: Disclosure of Interests in Other Entities

AASB 12 sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in Note 9: Interests in subsidiaries.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Accounting standards and interpretations Issued but not Operative at 30 June 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated group incurred a loss from ordinary activities of \$60,784 for the year ended 30 June 2014, and as at that date the consolidated group's total liabilities exceeded total assets by \$223,527. The parent entity's current liabilities exceeded total assets by \$223,527 as at 30 June 2014.

The consolidated group and the parent entity have incurred substantial losses. In order for the consolidated group and the parent entity to continue trading they are reliant on the following types of funding:

- Raising funds from existing shareholders; and
- Raising funds from new shareholders through private placement and/or Prospectus Offers.

During the financial year the focus of the Directors has been to identify one or more investors who have an interest in acquiring a major holding in the Company (and utilising the PDF status of the Company). Discussions have been held with several interested parties. One group has shown sufficient interest to proceed to a Letter of Mandate to support a proposed recapitalisation. The discussions to date include provisions for a financial payment which would be required to provide sufficient capital to clear the Company's existing liabilities. The Board believes this is the only avenue presently open to them to return some value, even if it is very small, to shareholders. The Directors cannot guarantee that the interested party will acquire a major holding or that the proposed recapitalisation will be successful.

As such there is uncertainty as to whether the consolidated group and the parent entity will be able to continue as a going concern and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2014	2013
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	14,768	84,044
Non-current Assets	-	17,126
TOTAL ASSETS	<u>14,768</u>	<u>101,170</u>
LIABILITIES		
Current Liabilities	<u>238,295</u>	<u>1,028,561</u>
TOTAL LIABILITES	<u>238,295</u>	<u>1,028,561</u>
	<u>(223,527)</u>	<u>(927,391)</u>
EQUITY		
Share Capital	14,073,155	13,308,507
Retained earnings	<u>(14,296,682)</u>	<u>(14,235,898)</u>
TOTAL EQUITY	<u>(223,527)</u>	<u>(927,391)</u>
STATEMENT OF CONPREHENSIVE INCOME		
Total loss	<u>(60,784)</u>	<u>(388,019)</u>
Total comprehensive loss	<u>(60,784)</u>	<u>(388,019)</u>

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Group

2014 **2013**
\$ **\$**

NOTE 4: REVENUE

-interest received		
• related parties	3,632	-
• Other persons	19	195
-other income		
• Recovery of previously impaired loans	92,451	-
• Miscellaneous income	-	16
Total revenue	96,102	211

NOTE 5: LOSS BEFORE INCOME TAX

Loss before income tax from continuing operations includes the following specific expenses

(a) Expenses

Remuneration of the auditor		
• Auditing or reviewing the financial statement	25,878	30,500
Interest expenses on financial liabilities not at fair value through profit and loss		
• External	2,965	158,897
Total finance costs	2,965	158,897
Depreciation of non-current assets		
• Plant and equipment	1,316	3,257

(b) Significant items

The following significant revenue and expense items are relevant in explaining the financial performance:

Impairment of property, plant and equipment		15,710		-
Impairment of irrecoverable loans	(a)	4,316		44,258
Impairment of investments	(b)	-		9,874
		20,026		54,132

(a)The impairment relates to investments in loans made to a related company, being Evivar Medical Pty Ltd which have been deemed as irrecoverable and therefore are impaired

(b)The impairment of investments relates to fair value adjustment to share held in Hunter Immunology Ltd.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group	
		2014	2013
		\$	\$
NOTE 6: INCOME TAX EXPENSE			
The components of tax expense comprise			
Income tax expense attributed to loss		-	-
The group and parent entity's taxable income was \$Nil as at balance date as both had incurred significant tax losses			

Future income tax benefits not brought to account, the benefits of which will be realised if the conditions for deductibility set out in the accounting policies note occur

Timing differences		1,023,569	1,040,668
Tax Losses		2,758,108	2,720,865
		3,781,677	3,761,533

NOTE 7: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank and on hand		8,574	-
		8,574	-

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT

Related party loans	(a)	-	72,557
Sundry debtors		6,194	11,587
Total current trade and other receivables		6,194	84,144

(a) All loans are non-interest bearing

NOTE 9: INTEREST IN SUBSIDIARIES

(a) Subsidiaries	Country of incorporation	Percentage Owned (%)*	
		2014	2013
Subsidiaries of ATF Group (PDF) Limited:			
Global Therapy Management Limited	Australia	100	100

*Percentage of voting power in proportion to ownership

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10: PLANT AND EQUIPMENT

Consolidated Group

	2014	2013
	\$	\$
Office Equipment		
At cost	24,251	24,251
Less accumulated depreciation	(13,835)	(12,922)
Less impairment	(10,416)	-
	-	11,329
Furniture, fixtures and fittings		
At cost	25,266	25,266
Less accumulated depreciation	(19,972)	(19,569)
Less impairment	(5,294)	-
	-	5,697
Total Plant and Equipment	-	17,026

(a) Movement in carrying amounts

	Furniture Fixtures & Fittings	Office Equipment	Total
	\$	\$	\$
Movement in the carrying amounts for each class of property plant and equipment between the beginning and the end of the current financial year			
Consolidated Group:			
Balance at 1 July 2012	6,735	13,548	20,283
Depreciation expense	(1,038)	(2,219)	(3,257)
Carrying amount at 30 June 2013	5,697	11,329	17,026
Depreciation expense	(403)	(913)	(1,316)
Impairment of fixed assets	(5,294)	(10,416)	(15,710)
Carrying amount at 30 June 2014	-	-	-

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: TRADE AND OTHER PAYABLES	Note	Consolidated Group	
		2014	2013
		\$	\$
CURRENT			
Unsecured trade payables		182,944	138,205
Sundry payables and accrued expenses		24,495	93,115
		<u>207,439</u>	<u>231,320</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables

- Total current

207,439 231,320

Financial liabilities as trade and other payables

207,439 231,320

NOTE 12: BORROWINGS

CURRENT

• Bank overdraft		-	1,233
• Unsecured - Loan from directors	(c)	30,856	10,853
• Unsecured other loans		-	16,875
• Secured - Loan payable	(a)	-	739,648
• Secured - Loan from directors	(b)	-	28,632
		<u>30,856</u>	<u>797,241</u>

(a) The loan payable relates to a loan from Cherryoak Investments Pty Ltd (ATF C&N Family Trust) (Lender). The loan will bear interest at 15% per annum and is payable on termination. In the prior year the Lender has converted the principle of \$1,200,000 into 10,000,000 ordinary fully paid shares in ATF Group (PDF) Limited. The lender has converted the balance on 19 June 2014 into 5,000,000 ordinary shares as full and final payment.

(b) The director loan relates to a loan from Raymond Schinazi. The term of the loan is 120 days from 14 October 2010, and bears interest at the aggregate of the Base Rate from time to time plus a margin of 50 basis points per annum. The loan was converted on 19 June 2014 into 168,999 ordinary shares as full and final payment.

(c) The loans from directors relates to directors insurance paid by the directors on behalf of the Company.

NOTE 13: ISSUED CAPITAL	Note	Consolidated Group	
		2014	2013
		\$	\$
Issued and paid up capital			
110,295,710 (2013 : 94,036,033) fully paid ordinary shares	(a)	14,073,155	13,306,007
Unissued shares			
NIL (2013:1,000,000) shares granted but not issued	(b)	-	2,500
		<u>14,073,155</u>	<u>13,308,507</u>

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: ISSUED CAPITAL (continued)

(a) Ordinary Shares	2014	2013
	No	No
At the beginning of the reporting period	94,036,033	84,036,033
Shares issued during year		
• 20 December 2012	-	10,000,000
• 19 June 2014	(c) 16,259,677	-
At the end of the reporting period	<u>110,295,710</u>	<u>94,036,033</u>

(a)	\$	\$
At the beginning of the reporting period	13,306,007	12,106,007
Shares issued during year	<u>767,148</u>	<u>1,200,000</u>
At the end of the reporting period	<u>14,073,155</u>	<u>13,306,007</u>

(b) Movement in unissued shares	No	No
At the beginning of the reporting period	1,000,000	-
Shares granted but not issued	(d) -	1,000,000
Shares issued on 19 June 2014	<u>(1,000,000)</u>	<u>-</u>
At reporting date	<u>-</u>	<u>1,000,000</u>

	\$	\$
At the beginning of the reporting period	2,500	-
Shares granted but not issued during year	(d) -	2,500
Shares issued on 19 June 2014	(d) <u>(2,500)</u>	<u>-</u>
At reporting date	<u>-</u>	<u>2,500</u>

(c) Details of shares issued on 19 June 2014:

	Note	#	\$
Shares issue to Directors	15	9,509,677	25,000
Shares issued to Chris Cuffe	12	5,000,000	739,648
Shares issued to previous Director	13 (d)	1,000,000	-
Shares issued to Mr Kimball Fink-Jensen	13 (e)	750,000	-
Total shares issued		<u>16,259,677</u>	<u>764,648</u>

- (d) The company has proposed that an ex-gratia payment be offered to its previous director in recognition of accrued salary and directors fees from previous year.

The ex-gratia payment will be in the form of a share issue as follows:

- Tony Wigginton 1,000,000 shares @ 0.0025 cents totally \$2,500. These shares were issued on 19 June 2014.
- (e) The Directors agreed to a one-off issue of 750,000 shares to Kimball Fink-Jensen as full and final payment for consulting services provided.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: ISSUED CAPITAL (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

Options

As part of the share placement offer to Christopher Cuffe dated 7 July 2011, 2,600,000 options exercisable at A\$0.12 each were offered and accepted, expiring 36 months from date of issue. These options were not exercised and have lapsed.

There have been no other share options issued since the beginning of the financial year.

	2014	2013
	\$	\$

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with loss from ordinary activities after income tax

Loss from ordinary activities after income tax	(60,784)	(388,019)
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Non-cash flows in loss from ordinary activities:

Depreciation	1,316	3,257
Reversal of interest on loan	(3,632)	-
Impairment of related party loans	4,316	44,258
Capitalised borrowing costs	-	152,114
Impairment of property, plant and equipment	15,710	-
Impairment of investments	-	9,874
Shares granted but not issued	-	2,500

Changes in assets and liabilities:

(Increase)/decrease in other assets	5,393	(1,946)
Increase/(decrease) in trade and other payables	(23,881)	71,500
Cash flows from/(used by) operations	61,562	(106,462)

NOTE 15: RELATED PARTY TRANSACTIONS

Directors and Executives Compensation

(a) Details of Key Management Personnel

(i) Directors

Professor Raymond Schinazi	Chairman - Non Executive Director – Appointed 3 August 2007
Jon Lamb	Deputy Chairman - Executive – Appointed 7 November 2007
Bernard Romanin	Director – Non Executive - Appointed 30 May 2008

**ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 15: RELATED PARTY TRANSACTIONS (Continued)

Directors & Executives Remuneration

	Short-Term		Post Employment Superannuation	Share-based	Total
	Salary Fees	Other		payments	
	\$	\$	\$	Shares	\$
2014					
Professor Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
Bernard Romanin	-	-	-	-	-
	Salary Fees	Other	Superannuation	Shares	\$
	\$	\$	\$	\$	\$
2013					
Professor Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
J A (Tony) Wigginton	-	-	-	-	-
Bernard Romanin	-	-	-	-	-

Directors' Equity Holdings

	Balance 1/07/13	Granted during the year	Balance 30/06/14
	Number	Number	Number
Professor Raymond Schinazi	1,875,000	2,534,991	4,409,991
Jon Lamb	-	5,338,772	5,338,772
Bernard Romanin	-	1,635,914	1,635,914
	1,875,000	9,509,677	11,384,677

The directors had forgone past entitlements to accrued salaries, consulting and director's fees as per the minutes of the Board meeting on 15 March 2013. It was subsequently agreed that the following shares issued on 19 June 2014 be issued as part compensation for the previously forgiven amounts. It is noted that these new shares have no real value at this point in time given the net deficiency of the Company. The directors acknowledge that there may be a future value to the shares on a successful recapitalisation.

Professor Raymond Schinazi – 2,365,991 ordinary shares.

Jon Lamb – 5,338,772 ordinary shares

Bernard Romanin – 1,622,394 ordinary shares

(b) Number of shares held at the balance date by Key Management Personnel or Associated Entities:

There are no key management personnel other than directors.

(c) Related party transactions and balances

Global Therapy Management Limited (formerly Therapy Management International Limited)

ATF Group (PDF) Limited own 100% of the share capital of this company. At 30 June 2014, Jon Lamb, Professor Raymond Schinazi were directors of both ATF Group (PDF) Limited and Global Therapy Management Limited.

ATF GROUP (PDF) LIMITED AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated group's and parent entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

Consolidated Group

	Weighted Average Effective Interest Rate	Non-Interest Rate Bearing	Floating Interest Rate	Fixed 1 year or less	Total
2014	%	\$	\$	\$	
Financial assets					
Cash at bank		-	8,574	-	8,574
Trade and other receivables		6,194	-	-	6,194
Total financial assets		6,194	8,574	-	14,768
Financial liabilities					
Trade Creditors		182,944	-	-	182,945
Other Payables		24,495	-	-	24,495
Payable – other related parties		30,856	-	-	30,856
Total financial liabilities		238,295	-	-	238,295
2013					
Financial assets					
Cash at bank		-	-	-	-
Trade and other receivables		11,587	-	-	11,587
Receivables – other related parties		72,557	-	-	72,557
Total financial assets		84,114	-	-	84,114
Financial liabilities					
Bank Overdraft		-	1,233	-	1,233
Trade Creditors		138,205	-	-	138,205
Other Payables		93,115	-	-	93,115
Payable – other related parties		797,241	-	-	797,241
Total financial liabilities		1,028,561	1,233	-	1,029,794

Financial risk

The consolidated group and parent entity monitor their financial risk informally on a day to day basis and then formally at monthly Board meetings, where the financial position of the group are discussed in detail.

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity and parent entity manage liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is available through the raising of equity, refer to commentary at Note 2.

Maturity Analysis

The tables below represent the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2014					
Cash and cash equivalents	8,574	-	-	8,574	8,574
Receivables	6,194	-	-	6,194	6,194
Payables	(207,439)	-	-	(207,439)	(182,945)
Borrowings	(30,856)	-	-	(30,856)	(24,495)
Net maturities	(223,527)	-	-	(223,527)	(223,527)
Year ended 30 June 2013					
Cash and cash equivalents	(1,223)	-	-	(1,223)	(1,223)
Receivables	81,528	2,616	-	84,144	84,144
Payables	-	(231,320)	-	(231,320)	(231,320)
Borrowings	-	(797,241)	-	(797,241)	(24,495)
Net maturities	80,305	(1,031,177)	-	(950,872)	(223,527)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The consolidated group's and parent entity's exposure is as set out in Note 8 of the financial statements.

NOTE 17: AFTER BALANCE DATE EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2014, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2014, of the consolidated entity.

NOTE 18: COMPANY DETAILS

The registered office and principal place of business of the company is c/o:

Minter Ellison Lawyers
 Level 23,
 South Rialto Towers
 525 Collins Street
 Melbourne VIC 3000

ATF GROUP (PDF) LIMITED AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

The directors of the company declare that:

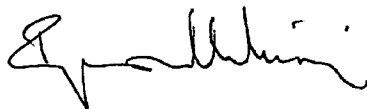
1. The financial statements and notes, comprising the Directors' Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated group and the parent entity's financial position as at 30 June 2014 and of their performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated group and parent entity will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Bernard Romanin



Director

Raymond Schinazi

Dated this day of 13th October 2014.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ATF GROUP (PDF) LIMITED

Report on the Financial Report

We have audited the accompanying financial report of ATF Group (PDF) Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ATF GROUP (PDF) LIMITED

Basis for Disclaimer of Opinion

We draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of \$60,784 during the year ended 30 June 2014 and, as of that date, the consolidated entity's current liabilities exceeded its total assets by \$223,527. The Company is in the process of drafting documents for a proposed recapitalisation, and the discussions to date include provision for a minimum financial payment sufficient to clear the Company's existing liabilities upon completion of satisfactory documentation. The directors have been unable to provide sufficient evidence that the proposed recapitalisation will be successfully opened sufficient to guarantee payment of the minimum financial payment.

We have been unable to obtain alternative evidence which would provide sufficient appropriate audit evidence as to whether the consolidated entity may be able to obtain such financial payment through recapitalisation, and hence remove significant doubt of its ability to continue as a going concern within 12 months of the date of this auditor's report.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion as to whether:

- (a) the financial report of ATF Group (PDF) Limited is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

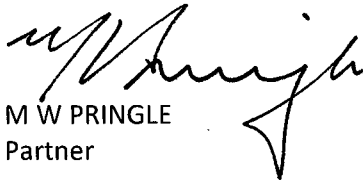
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ATF GROUP (PDF) LIMITED

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the directors' report for the year ended 30 June 2014. 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 Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ATF Group (PDF) Limited and controlled entity for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.


M W PRINGLE
Partner


PITCHER PARTNERS
Melbourne

Date *14* October 2014