OBJ LIMITED

(ABN 72 056 482 636)

2007 ANNUAL REPORT

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:
056 482 636

DIRECTORS:
Jeffrey David Edwards
Christopher John Quirk
John Joseph Palermo
Glyn Gregory Horne Denison

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MANAGING DIRECTORS REPORT

The year was one of consolidation for the Company as it moved to optimise its delivery platforms, advance its device prototypes, strengthen its intellectual property portfolio and achieve its first collaboration with a large pharmaceutical company.

The announcement, in May 2007, of the first commercial collaboration with GlaxoSmithKline in the United Kingdom was a major accomplishment for the Company. While the details of this collaboration are subject to confidentiality, the Company was able to announce that GSK had entered into the collaboration to evaluate the use of the Dermaportation transdermal technology for potential consumer healthcare applications. Subsequently, the Company has entered into further discussions with several international pharmaceutical and cosmetic companies to conduct partner-funded research collaborations to prove effectiveness for their target applications.

During the period, the Company also announced the development of a new powerless active drug delivery technology that is expected to provide the Company with the means to address the needs of a far broader and more cost sensitive market. The Enhanced Transdermal Polymer (ETP) system has the potential to expand the application of the Company's technology into a broader range of price-competitive applications currently unaddressed by existing active drug delivery techniques.
The Company raised its corporate and scientific profile through attendance and presentations at a number of key international biotechnology and scientific conferences. The Company strengthened its management team with the appointment of Dr Leearne Hinch as Chief Operating Officer to focus on business development and licensing of the Company's proprietary technologies.

Subsequent to year-end, the Company expanded its Scientific Advisory Board with the appointments of Dr Ian Frazer and Dr Mike Roberts to assist the Company to advance its technology and build an internal product pipeline. The Company also announced the formation of a wholly owned subsidiary, OBJ Transdermal Vaccines Pty Ltd (OBJTV), to manage its first internal development program to validate and develop its technology for vaccine delivery.

By the close of the period the Company had expanded its Intellectual Property portfolio and is developing programs to achieve Proof of Concept (POC) in humans and animals for both systematic and locally acting drugs. Drug feasibility proposals were discussed with a number of the world's leading pharmaceutical and cosmetic companies.

I would like to take this opportunity to thank shareholders for their support and to the staff and management team for their dedication, loyalty and commitment. Special thanks to Dr Leearne Hinch for her dedication to the business planning and validation programs and to Dr Eijkenboom for her leadership in furthering the Company's technologies. Dr Christopher Quirk, Glyn Denison and John J Palermo, the non-executive Directors of the Company, deserve special thanks as they have given much of their time, support and energies. Technology is not an easy sector in times where the market is driven by resources, however health is the cornerstone of quality of life and the Company remains dedicated to delivering the benefit of its work to the global healthcare sector and in doing so grow shareholder value.

Dated this 27th day of September, 2007.

Jeffrey Edwards
Managing Director

REVIEW OF OPERATIONS

The 2007 financial year has been a year of progress as the Company moved to optimise its delivery platforms, advance its device prototypes, strengthen its intellectual property portfolio and achieve its first collaboration with a large pharmaceutical company.

Financial

The net consolidated loss for the financial year ended 30 June 2007 was $1,396,511 (2006: loss $1,433,090). Revenues totalled $228,164 from contract research fees and interest (2006: $44,087). Operating expenses were $1,624,675 (2006: $1,477,177), reflecting increased resources in senior management and increased spending on business development and research for the OBJ technology platforms.

OBJ raised $2,575,000 in a private placement to sophisticated investors in September 2006. The funds were put towards advancing the Company's research programs. The balance sheet shows cash reserves of $2,042,745 at 30 June 2007, providing initial funds for advancing R&D and business development programs in 2008.

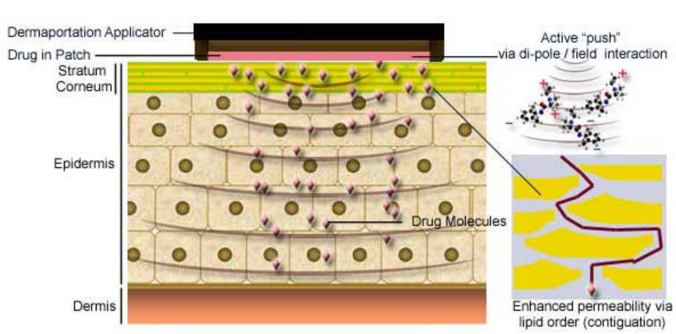
The Company plans to fund continuing operations through private and public equity raisings, revenues from contract research and licensing fees from strategic alliance partners, and government grant funding for commercialisation.

Technology

OBJ's proprietary **Dermaportation** and **Enhanced Transdermal Polymer (ETP)** technologies are active transdermal drug delivery (TDD) platforms that use *electromagnetic energy fields* to control molecular movement and skin permeability without disrupting the skin barrier.

The electromagnetic delivery fields are believed to *interact with the target molecules to create a repulsive force that orientates and directs drug movement into or through-the-skin.* The drug delivery rate can be controlled by matching the structure, timing and duration of the delivery fields to the specific drug characteristics and required delivery profile.

Figure 1: Dermaportation process



The OBJ electromagnetic delivery platforms have the potential to provide effective transdermal delivery solutions for a broad range of small and large molecules (including lipophilic and hydrophilic molecules) in a *painless, controlled and cost-effective manner*.

REVIEW OF OPERATIONS *(continued)*

Figure 2: Advantages of OBJ transdermal platforms

Feature	Benefit
Non-invasive and well tolerated	Patient friendly, needle-free delivery systems
High transdermal delivery rates achieved ex-vivo	Potentially suitable for topical & systemic delivery
Field enhancement provides active push and controlled drug delivery	Enables fast onset and controlled release
Field enhancement creates micropores that enable transport of larger molecules	Delivers small/large and lipophilic/hydrophilic molecules
Patient friendly, painless and convenient self-administration	Improves patient compliance
Field enhancement increases drug utilisation and transports low concentration drugs	Effective for low potency drugs
Transdermal delivery avoids first-pass effect	Improves drug delivery profile
Low-cost manufacturing	Cost-effective single-use patches and multi-use delivery systems
Smart devices with integrated microelectronics	Allows patient control, monitoring and timed delivery
Proprietary technology and customised solutions	Provides product lifecycle management solutions

Research & Development

During the period, the Company was primarily focused on research activities to validate its technology and expand its understanding of the relationship between delivery fields and the structure of target drugs.

Early proof-of-concept (POC) studies, by two separate Universities, provided preliminary evidence that the enhanced drug delivery outcomes observed in laboratory experiments resulted in similar outcomes in pilot animal and human studies. The effectiveness of the Company's technology was also tested in-vitro across a range of drug molecules used in pain management, inflammation, drug addiction, hormone replacement, vaccination and cosmetic. Additional research activities focused on prototype design and development for several cosmetic and pharmaceutical concepts.

Research Program

In-vitro studies

The Company has conducted *ex-vivo skin diffusion studies* using both human and piglet epidermis to demonstrate the effectiveness of the Dermaportation and ETP platforms for transdermal delivery of the following applications and drug molecules:

REVIEW OF OPERATIONS *(continued)*

Figure 3: Ex-vivo skin diffusion studies

Application	Drug(s)
CNS/drug addiction	Naltrexone
Pain/inflammation	Diclofenac & hydrocortisone
Topical anaesthesia	Lidocaine, prilocaine & tetracaine
Hormones	Oestradiol and testosterone
Skin cancer	5-ALA
Dermatology/cosmetics	Caffeine
Peptides	ALA-TRP

Electromagnetic field-enhancement can increase the transdermal delivery of a broad range of small/large and lipophilic/hydrophilic molecules by up to 10-fold. Figure 4 shows that field-enhancement causes a rapid rise in drug penetration within the first 20-minutes due to the technology's active drug push followed by continuously higher than passive delivery rates in response to its enhancement of skin permeability.

Figure 4: Naltrexone skin diffusion study

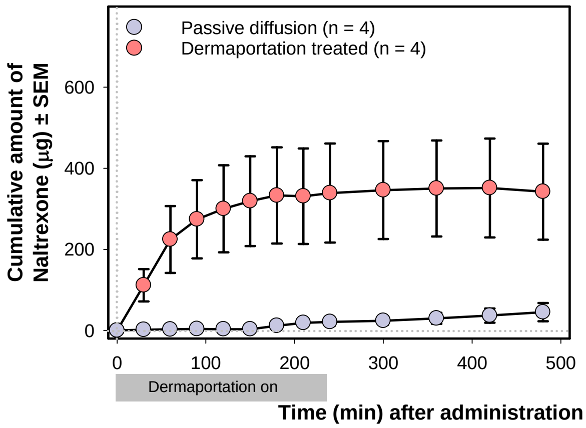


Figure 4: *The average cumulative amount of naltrexone in the receptor chamber of a standard Franz-type diffusion set-up is depicted for passive and Dermaportation induced penetration through excised human epidermis. Dermaportation was switched on from 0-240min (grey bar).*

Pilot studies

The Company has conducted initial *human and animal pilot studies* to provide preliminary evidence of efficacy in-vivo. The energy fields were not perceived by patients and were shown to be painless and well-tolerated in pilot human studies.

Topical anesthesia: Curtin University conducted a pilot human study that demonstrated decreased time to onset of numbness from Tetracaine of 1-hour to 20-minutes post-administration using low concentration (0.1%) Smith & Nephew Ametop®.

REVIEW OF OPERATIONS *(continued)*

Figure 5: Pilot tetracaine study

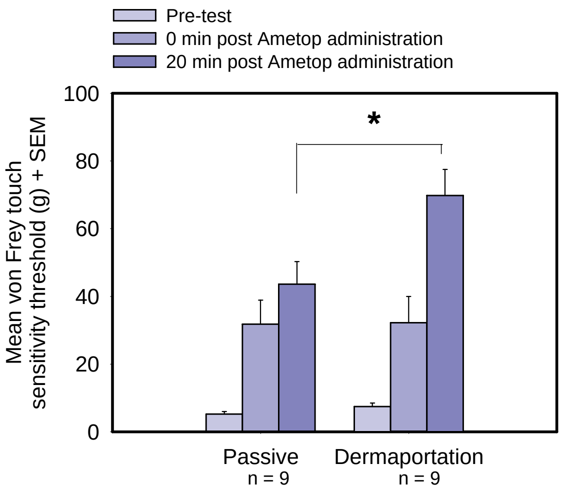


***Figure 5:** Effects of passive or Dermaportation induced transdermal delivery of tetracaine (Ametop®) on touch sensitivity thresholds measured via an electronic von Frey system, before, immediately after, and 20 min post topical administration. The topical administration time was 20 min.*

Transdermal vaccination: A pilot animal study was conducted at Murdoch University to demonstrate the ability of the Company's technology to delivery vaccines in-vivo. This was the first time the Company's technology was applied to drugs or agents of large molecular weight. Results demonstrated that Dermaportation was successful in the transdermal delivery of the Pfizer vaccine Glanvac™ in sheep and achieved bioequivalence (antibody response) to intra-muscular injection at 2-weeks post-booster vaccination.

Figure 6: Vaccine pilot study

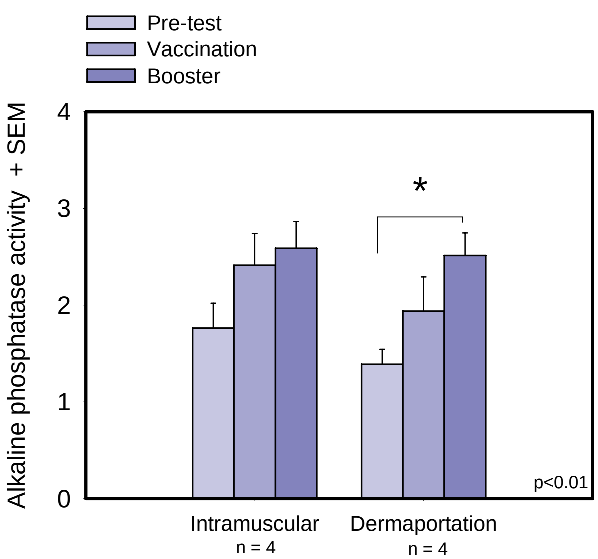


***Figure 6:** The immune response of sheep to Dermaportation-enhanced topical vaccination is similar to the immune response to intramuscular vaccination. Blood samples were taken before vaccination, 2 weeks after, and 2 weeks post booster vaccination.*

REVIEW OF OPERATIONS *(continued)*

Pharmacokinetic studies

The Company plans to commence preclinical pharmacokinetic and skin irritation studies to complete technology proof-of-concept (POC) for small molecules, vaccines and peptides in 2008.

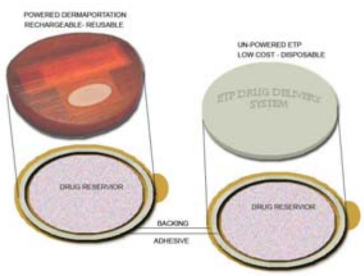
Delivery System Prototypes

The Company's transdermal platforms can be employed in a range of cost-effective delivery solutions from single-use patches to multi-use transdermal systems depending on the drug characteristics, required delivery profile and commercial application.

The major focus of the Company's prototype development program has been the miniaturization of the Dermaportation systems in order to achieve maximum design flexibility and minimum production costs. Improvements in energy efficiencies and in the underlying software and hardware systems have expanded the Company's ability to meet future customer needs.

The Company is currently designing Dermaportation and ETP transdermal delivery systems for prescription, over-the-counter (OTC) and cosmetic applications. The Company focused on advancing the following transdermal delivery system prototypes in 2007.

ETP-patch: The ETP non-powered platform can be readily incorporated into any commercial patch technology. The Company has designed a single-use patch concept with the ETP matrix integrated as the patch backing layer. The ETP-patch uses body heat as its energy source to provide a cost-effective and continuous delivery solution for prescription and OTC products.



Dermaportation-activator: OBJ has designed a concept prototype for a multi-use, battery-operated electronic Dermaportation device for activating drug movement into the skin and energising the ETP patch for faster delivery rates. Combining the Company's two drug delivery platforms is expected to lead to lower cost of goods and shorter applications times.

Drug smart device: The electronics or intelligent modules for a multi-use rechargeable smart device have been completed in readiness for further partner directed developments. Design of the physical implementation, replaceable drug cartridges and other drug specific requirements will require further partner input.

REVIEW OF OPERATIONS *(continued)*

Cosmetic Devices: The Company has completed the pre-production design phase for a Dermaportation cosmetic personal care device and has developed a number of concept prototype of active packaging systems to enhance the delivery of cosmeceutical and dermatological actives into the skin.

The Company's ability to provide user-friendly and enhanced transdermal delivery systems for a wide range of cosmetic active ingredients is seen as a major opportunity by the Company.

Development Strategy

The Company's drug development strategy is to leverage its novel transdermal drug delivery platforms to develop cost-effective transdermal applications for existing generic drugs that may benefit from electromagnetic delivery. Developing a new delivery system for an approved drug is expected to reduce the risks associated with new drug development, lower development costs and speed time to market for product candidates.

OBJ will progress from a research-stage company to a development-stage drug delivery company in 2008, with the planned commencement of several projects to validate and develop its technology across a number of high market potential applications.

The Company plans to build a balanced transdermal pipeline of internal and partner-funded projects across the high-growth vaccine, pain, CNS and cosmetic transdermal segments where the technology may have a competitive advantage.

The Company currently has 2 research-stage internal projects evaluating the technology for vaccine and local anaesthetic delivery with initial promising results; and 1 partner-funded research program exploring the use of the Company's technologies with a number of partner specified drug targets.

Figure 7: OBJ Pipeline

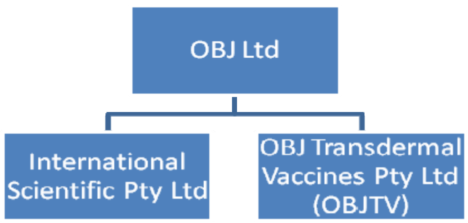
Project (Partner)	Indication	Research	Pre-clinical	Phase I	Phase II	Phase III
Vaccines (OBJTV)	Multiple	→				
Topical anaesthesia	Minor surgical pain	→				
Undisclosed (GSK)		→				

REVIEW OF OPERATIONS *(continued)*

The Company plans to develop its internal projects to preclinical stage before out-licensing to strategic partners for clinical development and commercialisation.

Intellectual Property

The Company's intellectual property is owned and managed through its wholly owned subsidiary International Scientific Pty Ltd and its vaccine project is held through its subsidiary OBJ Transdermal Vaccines Pty Ltd (OBJTV).



During the period, the Company expanded its intellectual property portfolio with the filing of a patent application for a new active patch technology, Enhanced Transdermal Polymer (ETP), targeted at providing cost-effective and continuous delivery solutions for cosmetic, animal health and OTC applications.

The Company currently has exclusive access to 3 patent families with multiple cases pending that, once granted, will provide patent protection beyond 2024. The Company's transdermal technology filings include method and apparatus patent applications for both its Dermaportation and ETP technologies and for combinations with other transdermal technologies.

Figure 8: OBJ Patent Status

Coverage	Patent / Application No	Filing Date	Status
Patent family 1: Apparatus for Facilitating Transdermal Delivery of Therapeutic Substances and Method of Transdermally Delivering Therapeutic Substances			
Australia	AU2004290459	18 November 2004	Pending examination
Europe	EP04797047	18 November 2004	Pending examination
USA	US10/595964	18 November 2004	Pending examination
Patent family 2: Method and Apparatus for Enhanced Transdermal Diffusion			
International	PCT/AU2006/905356	28 September 2006	Filed
Patent family 3: Method and Apparatus for Enhanced Transdermal Diffusion			
APPA	AU2007902418	7 May 2007	Filed

The Company is committed to seeking intellectual property protection for its technologies and product pipeline to gain market exclusivity. It plans to strengthen its intellectual property position by seeking broad patent coverage across key jurisdictions and conducting research to improve and expand its patent portfolio across a range of therapeutic indications and specific drugs.

REVIEW OF OPERATIONS *(continued)*

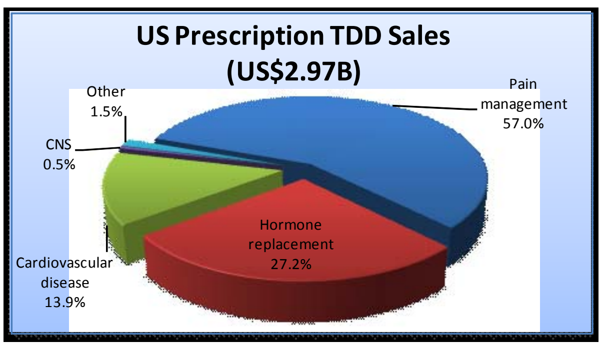
Markets

Product life cycle management, drug safety/efficacy and patient compliance issues have created a market opportunity for a more effective method of drug administration. Transdermal drug delivery (TDD) represents a safer, more effective and more convenient method of drug delivery for a number of active ingredients used in the cosmetic and pharmaceutical industries. Transdermal (through-the-skin) delivery can provide a needle-free, painless and cost-effective delivery alternative, but the effectiveness of transdermal systems has been generally limited to small and lipophilic molecules.

Drug delivery is one of the fastest growing sectors in the $US550B global pharmaceutical industry and was valued at US$110.3B annually in 2006.[1] The transdermal drug delivery market was valued at US$13.7B globally in 2006 and is forecast to reach US$21.5B by 2010 with an annual growth rate of 12%.[2] The demand for transdermal delivery technology and transdermal products is being driven by the needs of pharmaceutical companies to extend the patent life of existing drugs, fill product pipelines and find delivery solutions for development-stage drugs.

The US prescription market for transdermal products was valued at US$2.97B in 2005 and is forecast to reach US$4.47B in 2012 due to new product introductions in the pain management, CNS and hormone replacement segments.[3] The Company plans to target the high-growth markets for pain management, CNS disorders and vaccination with its unique delivery platforms.

Figure 9: US Prescription TDD Market in 2005: F&S (2006)



The US$157B[4] global cosmetics market is attractive market for the technology platforms, with cosmetic companies actively seeking novel technologies that can enhance the penetration of active ingredients into the skin. The cosmeceuticals segment was valued at US$9.8B globally in 2005 with a growth rate of 5.4%.[5] Cosmeceuticals and dermatologicals for anti-aging, hyperpigmentation, acne and other skin disorders are target markets for the Company's technology.

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[1] Datamonitor. Drug Delivery: Global Industry Guide. Dec 2006.
[2] Jain PharmaBiotech. Transdermal Drug Delivery - Technologies, Companies & Markets. Basel 2007; Jun.
[3] Frost & Sullivan. US Transdermal Drug Delivery Markets (F791-52). California 2006.
[4] Business Communications Company, Chemicals for Cosmetics and Toiletries, Connecticut 2005.
[5] Prance L. L'Oreal Challenge Global Skincare Market.2006 [accessed: www.cosmeticsdesign.com]

REVIEW OF OPERATIONS *(continued)*

Business Development

The Company's business model is to leverage its platform delivery technologies to develop effective transdermal solutions for existing molecules and commercialize products through early-stage licensing deals with large pharmaceutical and cosmetic partners. This strategy should provide the Company with early revenues from contract research fees, upfront fees and milestone payments, and minimise development costs and time. In the longer-term, the Company may expand its drug development program and seek to license generic transdermal products at a later-stage to optimise licensing revenues. However, collaborations with partners that have the clinical development, regulatory and marketing capabilities to successfully develop and commercialise transdermal products will remain central to the Company's strategy.

Pharmaceuticals

The Company's partnering strategy is to target pharmaceutical companies with existing proprietary or generic drugs that may benefit from electromagnetic transdermal delivery.

The Company announced its first collaboration agreement with global pharmaceutical giant GlaxoSmithKline (GSK) in May 2007. GSK executed a research agreement to evaluate the use of its transdermal platforms for potential consumer healthcare applications.

The Company is in further discussions with multiple pharmaceutical companies to conduct partner-funded research collaborations to evaluate the feasibility of using the electromagnetic platforms for transdermal delivery of target drugs. The Company will then seek to out-license its Dermaportation and ETP technologies to pharmaceutical and biotechnology partners upon demonstration of successful feasibility/POC for target drug(s).

Cosmetics

The Company is also targeting the cosmetic market with novel cosmetic devices to take advantage of the reduced development costs and timelines, low regulatory barriers and large market potential in the anti-aging skincare and professional/ dermatological segments.

The Company recently terminated its agreement with Becca Cosmetics to enable it to progress this strategy and engage directly with the major international cosmetic companies. The Company is now in discussion with a number of dermatology and cosmetic companies to evaluate both the Dermaportation and ETP technologies for cosmetic use.

The Company will put in place a cosmetic program in the forthcoming year to validate and develop its electromagnetic delivery platforms across a range of cosmetic actives to facilitate development and supply deals with cosmetic companies. It will then seek to secure licensing or supply deals for its cosmetic devices with multinational cosmetic companies.

REVIEW OF OPERATIONS *(continued)*

Corporate Communications

The Company raised its corporate and technology profile during the year through attendance and presentations at key international biotechnology and scientific conferences including BIO2007 in Boston, the 8th World Congress on Inflammation and the Drug Delivery Partnerships in Las Vegas.

The Company also presented scientific posters at the following national and international scientific forums:

- Skin Frontier Conference, Washington, 2007
- 8th World Congress on Inflammation, 2007
- Bio2007, Boston USA
- Journal Chromatography, 2007
- Drug Delivery Partnerships USA, 2007.

Human Resources

The Company is building an experienced Board, Scientific Advisory Board & management team with a balance of transdermal delivery technology, product development, business development and corporate expertise to support its product development and commercialisation goals.

The Company appointed two internationally experienced business development consultants being Dr Lucio van Rooijen (ex-Bayer and Novartis) in Europe and Dr Ravi Kiron (ex-ALZA and Pfizer) in the USA to assist the Company to advance its business development programs. It also strengthened its management team with the appointment of Dr Leearne Hinch in March 2007 as Chief Operating Officer to focus on business development and licensing of its proprietary technologies.

RECENT Events

Subsequent to year-end, the Company expanded its Scientific Advisory Board with the appointments of Dr Ian Frazer and Dr Mike Roberts to assist the Company to advance its technology and build a balanced product pipeline.

The Company also announced the formation of a wholly owned subsidiary, OBJ Transdermal vaccines Pty Ltd (OBJTV), to manage its first internal development program to validate and develop its technology for vaccine delivery. It plans to develop its pipeline projects to preclinical stage before licensing to a partner for clinical development and commercialisation.

Outlook

The Company will show its strong commitment to advancement in 2008, as it moves from a research-stage company to a development-focused drug delivery company, with the planned commencement of several projects to validate and develop its technology across a number of high market potential applications.

REVIEW OF OPERATIONS *(continued)*

The Company is currently building its scientific team and initiating research programs under the guidance of its Scientific Advisory Board to complete technology proof-of-concept, broaden its drug effectiveness data and to implement its internal vaccine development program through OBJTV.

Achievement of technology proof-of-concept is a priority for the Company in 2008. The validation data will be used by the business development team to streamline the evaluation process and establish new collaborations with potential pharmaceutical and cosmetic partners.

DIRECTORS' REPORT

The directors present their report on the results of OBJ Limited and its controlled entities for the year ended 30 June 2007.

DIRECTORS

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

Mr. Jeffrey David Edwards
Dr. Christopher John Quirk
Mr. John Joseph Palermo
Mr. Glyn Gregory Horne Denison

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year ended 30 June 2007 were the development of its Dermaportation technology.

There were no significant changes in the nature of the Company's principal activities during the financial year other than those referred to in the review of operations.

OPERATING RESULT

The net consolidated loss of the consolidated entity after providing for income tax amounted to $1,396,511 (2006: $1,433,090).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2007.

The Board has not made a recommendation to pay dividends for the period to 30 June 2007.

REVIEW OF OPERATIONS

The Company continues to pursue development of its Dermaportation technology, review its intellectual property assets and evaluate value enhancement opportunities from existing assets.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, the following shares and options were issued:

Date	Details	No. of Shares	Issue Price	No. of Options	Exercise Price	Exercisable By
27/09/2006	Working capital	51,500,000	$0.05	--	--	--
27/09/2006	Debt conversion	1,000,000	$0.05	--	--	--
06/12/2006	Pursuant to resolution of members	--	--	25,750,000	$0.10	31/12/2008
21/12/2006	Pursuant to resolution of members	--	--	8,000,000	$0.10	31/12/2008
21/12/2006	Incentive to employees and Consultants	--	--	3,500,000	$0.10	31/12/2008
03/01/2007	Conversion of B Class shares	49,000,000	--	--	--	--

SIGNIFICANT AFTER BALANCE DATE EVENTS

Details of subsequent events are set out in note 24.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Certain information regarding future developments has been disclosed in this report under the heading "Review of Operations". The disclosure of expected results of likely future developments is likely, in the opinion of the directors, to result in unreasonable prejudice to the interests of the Company and accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION

The Company is not affected by any specific environmental legislation.

INFORMATION ON DIRECTORS

Mr Jeffrey Edwards

Jeffrey Edwards has over twenty years experience in managing new technological innovations. He is experienced in production, intellectual property, regulatory affairs and quality systems. He is an award winning technology developer, and has worked with a number of leading international medical, and biomedical companies, including Salus Technologies Limited (tissue engineering), Global Energy Medicine Pty Ltd (therapeutics) and CollTech Australia Limited (biomaterials). During the past three years Mr Edwards has not held a directorship in any other listed companies.

Dr Christopher Quirk

Christopher Quirk is an Australian dermatologist who has been a teaching hospital consultant for 23 years and has conducted numerous trials for international pharmaceutical companies such as Roche, Novartis, 3M and Matrix and has served on advisory boards for Merck, Allergan and Roche. He has published 22 papers in international journals and recently has presented at the World Congress of Dermatology in Paris and the World Congress on Cancers of the Skin in Seville. During the past three years Dr Quirk has also served as a director of the following other listed companies:

- Pharmanet Group Limited *

(* denotes current directorship)

Mr John J Palermo

Mr Palermo is a Chartered Accountant with eleven years experience in Public Practice. Currently a Director of Palermo Chartered Accountants he has experience in public company accounting and administration. John J Palermo has completed extensive work with the Institute of Chartered Accountants both in Australia and overseas with the delivery of their CA Programme. During the past three years Mr Palermo has not held any directorships in any other listed companies.

DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS *(continued)*

Mr Glyn Denison

Glyn Denison is a qualified professional engineer and operates his own business consultancy advising companies in their development internationally. Mr Denison was one of the founders of the ERG Group and held several senior executive positions over the period from 1987 to 2003. These positions included President of the Americas for the ERG fare collection business and the New Business Development Director for ERG Transit. Prior to ERG, Mr Denison held several commercial positions with Bunnings Forest Products (now part of the Wesfarmers Group). During the past three years Mr Denison has also served as a director of the following other listed companies:

- Lignor Limited *
- Australian Renewable Fuels Limited *
- Medec Limited

(* denotes current directorship)

COMPANY SECRETARY

Mr John J Palermo B.Bus CA

Mr Palermo is a Chartered Accountant with eleven years experience in Public Practice. He has experience in public company accounting and administration.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2007, the Company held 14 director's meetings including director's resolutions. The total number of meetings attended by each director were:

	No. eligible to attend	**No. attended**
Mr. J D Edwards	14	14
Mr. C J Quirk	14	14
Mr. J J Palermo	14	14
Mr. G G H Denison	14	14

INDEMNIFICATION OF DIRECTORS AND OFFICERS

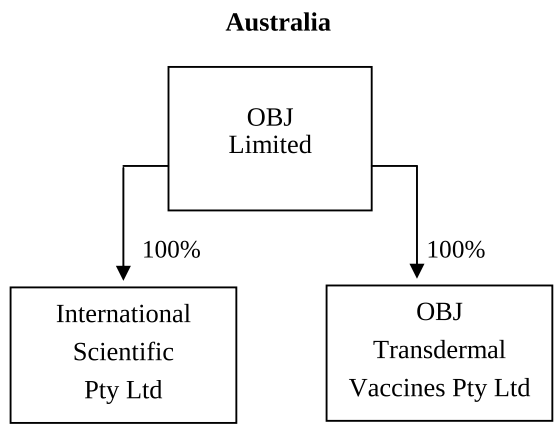
During or since the end of the financial year, the Company has indemnified and entered into agreements to indemnify its directors and officers.

DIRECTORS' REPORT *(continued)*

CORPORATE STRUCTURE

OBJ Limited is a company limited by shares that is incorporated and domiciled in Australia with its principal place of business at Ground floor, 284 Oxford Street, Leederville, Western Australia.

OBJ Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



SHARE OPTIONS

As at the date of this report, the following unlisted options remained outstanding:

No.	Exercise Price	Due Date
7,000,000	$0.05	31 December 2008
44,250,000	$0.10	31 December 2008
7,000,000	$0.15	31 December 2008
8,000,000	$0.07	30 June 2010

No person entitled to exercise an option had or has any right by virtue of the option to participate in any future share issues.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration policy (audited)

The Board receives independent advice on remuneration policies and practices generally, and also receives specific recommendations on remuneration packages and other terms of employment for senior executives.

Executive remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's operations.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board undertakes an annual review of its performance against goals set at the start of the year.

Directors and Executives Remuneration:
The Board is responsible for making recommendations on remuneration packages and policies applicable to Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors' remuneration is arrived at after consideration of the level of expertise each director brings to the Company, the time and commitment required to efficiently and effectively perform the required tasks.

Employment Agreements
The employment arrangements of the directors are not formalised in a contract of employment.

Remuneration for the Chief Operations Officer has been formalised in an employment agreement.

L M Hinch – Chief Operations Officer

- Base salary of $218,000, inclusive of superannuation of 9%, to be reviewed annually at June of each year.
- Bonus up to10% of base salary payable in cash or equity.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named executive officers of the Company are set out in Note 16.

DIRECTORS' REPORT *(continued)*

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the 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.

AUDITOR'S INDEPENDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 20.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Bird Cameron Partners, is shown at Note 18. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the board of directors.

Jeffrey Edwards
Director
Perth, Western Australia
September 2007

RSM! Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE BOARD OF DIRECTORS OF
OBJ LIMITED

As lead audit partner for the audit of the financial report of OBJ Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

SCubitt

Perth, WA
Dated: 27 September 2007

S C CUBITT
Partner

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*.

In line with the above the Board approved the adoption of a board charter on 30 June 2004. This charter sets out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Best Practice Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in the annual report however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry its functions, it has developed a Code of Conduct to guide the directors.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge it responsibilities and duties. The names of the directors and their qualifications and experience are stated in the Directors' Report on pages 15 and 16 along with the term of office held by each of the directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

The Company recognises the importance of non-executive directors and the external perspective and advice that non-executive directors can offer. Mr J J Palermo and Mr G Denison are non-executive directors and they are considered independent directors' as they meet the following criteria for independence adopted by the Company.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.2 Composition of the Board *(continued)*

An Independent Director:

1. is a non-executive director and:
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Mr J Edwards is an executive director of the Company. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Dr C J Quirk is a non-executive director of the Company. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr J J Palermo is a non-executive director of the Company. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr G G H Denison is a non-executive director of the Company. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.3 Responsibilities of the Board *(continued)*

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: the development of the Company's strategic plan.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a director cannot or is unwilling to remove a conflict of interest then the director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.4 Board Policies *(continued)*

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new directors include:

- details of the roles and responsibilities of a director;
- formal policies on director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

1.4.6 Independent Professional Advice

The Board collectively and each director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4 Board Policies *(continued)*

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

- The Company has a Share Trading Policy which states that directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX.

Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 30 June 2004 and will be implemented for the financial year ended 30 June 2007. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.4 Board Policies *(continued)*

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company, the Company does not have an Audit Committee.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.
As the whole Board only consists of four (4) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Remuneration Policy

Director Remuneration was approved by resolution of the Board on 6 August 2004.

2.2.2.1 Non-Executive Director Remuneration Policy

Non-executive directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-executive directors are entitled to but not necessarily paid statutory superannuation.

2.2.3 Current Director Remuneration

Full details regarding the remuneration of directors, is set out in Note 16.

CORPORATE GOVERNANCE STATEMENT *(continued)*

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience appropriate to the Company's target market. In addition, directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business experience.

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board on 30 June 2004. This Code includes the following:

<u>Responsibilities to Shareholders and the Financial Community Generally</u>
The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

<u>Responsibilities to Clients, Customers and Consumers</u>
The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

<u>Employment Practices</u>
The Company policy is to endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this report there are no employees who are not also directors.

CORPORATE GOVERNANCE STATEMENT *(continued)*

3. Company Code of Conduct *(continued)*

Obligations Relative to Fair Trading and Dealing
The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community
As part of the community the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual
The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest
Directors and employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations
Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code
The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 30 June 2007 $	Consolidated 30 June 2006 $	Parent Entity 30 June 2007 $	Parent Entity 30 June 2006 $
Revenue	2	228,164	44,087	228,164	44,087
Directors and employees benefits expenses	3(b)	(582,012)	(413,062)	(582,012)	(413,062)
Consultants and consultants benefits expenses	3(b)	(575,111)	(740,322)	(570,548)	(729,397)
Administration expenses	3(b)	(91,698)	(61,852)	(87,553)	(60,280)
Occupancy expenses	3(b)	(27,673)	(14,364)	(27,673)	(14,364)
Depreciation expenses	3(a)	(15,493)	(14,772)	(14,750)	(13,583)
Diminution in value of loans	3(b)	--	--	(20,365)	(22,269)
Borrowing expenses	3(a)	--	(25)	--	(25)
Share of joint venture expenses	3(b)	(49)	(24)	(49)	(24)
Travel and accommodation	3(b)	(130,527)	(69,709)	(130,527)	(69,709)
Other expenses	3(b)	(202,112)	(163,047)	(195,407)	(160,022)
Loss before income tax		(1,396,511)	(1,433,090)	(1,400,720)	(1,438,648)
Income tax	4	--	--	--	--
Loss after income tax		(1,396,511)	(1,433,090)	(1,400,720)	(1,438,648)
Loss attributable to members of OBJ Limited		(1,396,511)	(1,433,090)	(1,400,720)	(1,438,648)
		Cents	Cents		
Basic and dilutive loss per share (cents per share)	22	(0.3)	(0.4)		

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated		Parent Entity	
		30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $
Current Assets					
Cash and cash equivalents	**5**	2,042,745	559,651	2,038,105	558,920
Trade and other receivables	**8**	52,877	38,407	52,380	38,397
Other assets	**9**	1,427	--	1,427	--
Total Current Assets		2,097,049	598,058	2,091,912	597,317
Non-Current Assets					
Plant and equipment	**6**	49,950	47,568	48,711	45,586
Intangible assets	**7**	--	--	--	--
Other financial assets	**10**	--	--	1,000	--
Total Non-Current Assets		49,950	47,568	49,711	45,586
Total Assets		2,146,999	645,626	2,141,623	642,903
Current Liabilities					
Trade and other payables	**11**	290,339	69,293	285,347	62,905
Interest bearing liabilities	**12**	--	1,620	--	1,620
Other liabilities	**13**	--	--	160	--
Total Current Liabilities		290,339	70,913	285,507	64,525
Total Liabilities		290,339	70,913	285,507	64,525
Net Assets		1,856,660	574,713	1,856,116	578,378
Equity					
Contributed equity	**19**	13,488,763	11,005,115	13,488,763	11,005,115
Reserves	**20**	759,970	565,160	759,970	565,160
Accumulated losses		(12,392,073)	(10,995,562)	(12,392,617)	(10,991,897)
Total Equity		1,856,660	574,713	1,856,116	578,378

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Issued Capital	Option Reserves	Accumulated Losses	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2005	10,191,429	--	(9,562,472)	628,957
Shares issued during the year	855,000	--	--	855,000
Transaction costs	(41,314)	--	--	(41,314)
Fair value of options issued during the year	--	565,160	--	565,160
Loss attributable to members of parent entity	--	--	(1,433,090)	(1,433,090)
Balance at 30 June 2006	11,005,115	565,160	(10,995,562)	574,713
Balance at 1 July 2006	11,005,115	565,160	(10,995,562)	574,713
Shares issued during the year	2,625,000	--	--	2,625,000
Transaction costs	(141,352)	--	--	(141,352)
Fair value of options issued during the year	--	194,810	--	194,810
Loss attributable to members of parent entity	--	--	(1,396,511)	(1,396,511)
Balance at 30 June 2007	13,488,763	759,970	(12,392,073)	1,856,660
Parent				
Balance at 1 July 2005	10,191,429	--	(9,553,249)	638,180
Shares issued during the year	855,000	--	--	855,000
Transaction costs	(41,314)	--		(41,314)
Fair value of options issued during the year	--	565,160	--	565,160
Loss attributable to members of parent entity	--	--	(1,438,648)	(1,438,648)
Balance at 30 June 2006	11,005,115	565,160	(10,991,897)	578,378
Balance at 1 July 2006	11,005,115	565,160	(10,991,897)	578,378
Shares issued during the year	2,625,000	--	--	2,625,000
Transaction costs	(141,352)	--	--	(141,352)
Fair value of options issued during the year	--	194,810	--	194,810
Loss attributable to members of parent entity	--	--	(1,400,720)	(1,400,720)
Balance at 30 June 2007	13,488,763	759,970	(12,392,617)	1,856,116

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 30 June 2007 $	Consolidated 30 June 2006 $	Parent Entity 30 June 2007 $	Parent Entity 30 June 2006 $
Cash flows from operating activities					
Receipts from customers		119,492	--	119,492	--
Payments to suppliers and employees		(1,154,455)	(983,731)	(1,163,912)	(983,315)
Interest received		108,672	43,923	108,672	43,923
Borrowing costs		--	(25)	--	(25)
Income taxes paid		--	(1,118)	--	(1,118)
Net cash used in operating activities	**15**	(926,291)	(940,951)	(935,748)	(940,535)
Cash flows from investing activities					
Payment for plant and equipment		(17,875)	(36,905)	(17,875)	(36,905)
Payment for the purchase of subsidiary		--	--	(1,000)	--
(Repayments)/proceeds from borrowings		(6,388)	--	160	--
Net cash used in investing activities		(24,263)	(36,905)	(18,715)	(36,905)
Cash flows from financing activities					
Proceeds from issues of shares and options		2,575,000	855,000	2,575,000	855,000
Transaction costs from issue of shares and options		(141,352)	(41,314)	(141,352)	(41,314)
Net cash provided by financing activities		2,433,648	813,686	2,433,648	813,686
Net increase/(decrease) in cash and cash equivalents held		1,483,094	(164,170)	1,479,185	(163,754)
Cash and cash equivalents at the beginning of the financial year		559,651	723,821	558,920	722,674
Cash and cash equivalents at the end of the financial year	**5**	2,042,745	559,651	2,038,105	558,920

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

The financial report was authorised for issue by the Board on 26 September 2007.

The financial report of OBJ Limited complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by OBJ Limited (parent entity) as at 30 June 2007 and the results of the controlled entity for the year then ended. The effects of all transactions between OBJ Limited and its controlled entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year for which control exists.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10-100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Impairment of Assets *(continued)*

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Controlled Entities
Investments in controlled entities are recognised at cost less provision for impairment.

Impairment
At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(f) Interests in Joint Ventures

The company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated income statement and balance sheet.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property of the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to retirement funds that provide benefits to employees. The level of contributions is determined by Superannuation Guarantee legislation. The company has no responsibility for the administration or performance of the funds.

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(m) Share-Based Payment Transactions

OBJ Limited provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There is currently one plan in place to provide these benefits:

(i) the Employee Share Option Plan (ESOP), which provides benefits to full-time or part time employees and consultants of the Company.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of OBJ Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (`vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Share-Based Payment Transactions *(continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(n) Earnings per share

(i) *Basic Earnings per share*

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax attributable to members of OBJ Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per share*

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(o) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Australian accounting standards and amendments issued but not yet effective

No new Australian Accounting Standards that have been issued but are not yet effective have been applied in the preparation of this financial report. Such standards are not expected to have a material impact on the company's financial report on initial application.

(q) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company is of the view that there are no critical accounting estimates and judgments in this financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2: REVENUE	Consolidated 30 June 2007 $	Consolidated 30 June 2006 $	Parent Entity 30 June 2007 $	Parent Entity 30 June 2006 $
Research and development collaboration revenue	119,492	--	119,492	--
Interest received	108,672	43,923	108,672	43,923
Share of joint venture revenue	--	164	--	164
Total revenues	228,164	44,087	228,164	44,087

NOTE 3: EXPENSES

(a) Expenses

	Consolidated 30 June 2007 $	Consolidated 30 June 2006 $	Parent Entity 30 June 2007 $	Parent Entity 30 June 2006 $
Depreciation of plant and equipment	15,493	14,772	14,750	13,583
Borrowing costs expense				
- Interest expense	--	25	--	25

(b) Significant items

Loss before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance:

	Consolidated 30 June 2007 $	Consolidated 30 June 2006 $	Parent Entity 30 June 2007 $	Parent Entity 30 June 2006 $
Administration expenses	91,698	61,852	87,553	60,280
Auditor's remuneration	18,150	58,272	18,150	58,272
Consultants and consultants benefits expenses	575,111	740,322	570,548	729,397
Diminution in value of loans	--	--	20,365	22,269
Directors and employees benefits expenses	582,012	413,062	582,012	413,062
Insurances	25,214	1,660	25,214	1,660
Legal costs	20,641	8,705	20,641	8,705
Occupancy expenses	27,673	14,364	27,673	14,364
Share of joint venture expenses	49	24	49	24
Travel and accommodation	130,527	69,709	130,527	69,709
Other	138,107	94,410	131,402	91,385
	1,609,182	1,462,380	1,614,134	1,469,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent Entity	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
NOTE 4: INCOME TAX				
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Loss before income tax	(1,396,511)	(1,433,090)	(1,400,720)	(1,438,648)
Income tax calculated at 30%	(418,953)	(429,927)	(420,216)	(431,594)
Tax effect of non deductible expenses				
- Non allowable expenditure and provisions	85,801	6,860	91,811	6,860
Tax effect of current period losses not recognised as deferred tax assets	333,152	423,067	328,405	424,734
Income tax expenses	--	--	--	--
The following deferred tax assets have not been brought to account as assets:				
Tax losses brought forward at 30% tax rate	644,491	311,339	630,156	301,751

At 30 June 2007, the Company had accumulated tax losses of $2,148,303 (2006: $1,037,797).

A deferred tax asset in relation to tax losses are not brought to account unless it is probable that future taxable amounts within the entity will be available against which the unused tax losses can be utilised. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent Entity	
	30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	389	56	389	56
Cash at bank	42,356	59,595	37,716	58,864
Cash on deposit	2,000,000	500,000	2,000,000	500,000
	2,042,745	559,651	2,038,105	558,920

NOTE 6: PLANT AND EQUIPMENT

Plant and equipment at cost	85,718	67,843	81,189	63,314
Accumulated depreciation	(35,768)	(20,275)	(32,478)	(17,728)
Total plant and equipment	49,950	47,568	48,711	45,586

Reconciliation of the carrying amount of plant and equipment is set out below:

Carrying amount at the beginning of year	47,568	25,434	45,586	22,264
Additions	17,875	36,906	17,875	36,905
Depreciation expense	(15,493)	(14,772)	(14,750)	(13,583)
Carrying amount at the end of year	49,950	47,568	48,711	45,586

NOTE 7: INTANGIBLE ASSETS

Goodwill – at cost	--	1,098,985	--	--
Less: accumulated amortisation and impairment	--	(1,098,985)	--	--
Total intangible assets	--	--	--	--

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent Entity	
	30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $
NOTE 8: TRADE AND OTHER RECEIVABLES				
Trade receivable	--	2,200	--	2,200
Amounts receivable from controlled entity	--	--	42,634	22,269
Prepayments	19,070	20,237	19,070	20,237
GST refundable	33,807	15,970	33,310	15,960
	52,877	38,407	95,014	60,666
Less: impairment loss of amounts receivable from controlled entity	--	--	(42,634)	(22,269)
	52,877	38,407	52,380	38,397
NOTE 9: OTHER ASSETS				
Credit card funds	1,427	--	1,427	--
NOTE 10: OTHER FINANCIAL ASSETS				
Shares in controlled entities - at cost	--	--	1,091,000	1,090,000
Less: impairment	--	--	(1,090,000)	(1,090,000)
	--	--	1,000	--
NOTE 11: TRADE AND OTHER PAYABLES				
Other creditors and accruals	290,339	69,293	285,347	62,905
NOTE 12: INTEREST BEARING LIABILITIES				
Credit card	--	1,620	--	1,620
NOTE 13: OTHER LIABILITIES				
Amounts payable to controlled entity	--	--	160	--

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 14: CAPITAL AND LEASE COMMITMENTS

(a) Capital Expenditure commitments

There were no capital expenditure commitments as at 30 June 2007.

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2007.

(c) Operating lease commitments

	Consolidated		Parent Entity	
	30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $
Total non-cancellable lease expenditure contracted for at balance date but not provided in the financial statement, payable:				
Payable – Minimum lease commitment				
Not later than 12 months	27,450	12,000	27,450	12,000
Between 12 months and 5 years	109,800	37,000	109,800	37,000
Greater than 5 years	--	--	--	--
	137,250	49,000	137,250	49,000

NOTE 15: CASH FLOW INFORMATION

(a) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:	Consolidated		Parent Entity	
	30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $
Loss after income tax	(1,396,511)	(1,433,090)	(1,400,720)	(1,438,648)
Depreciation	15,493	14,772	14,750	13,583
Impairment of loans	--	--	--	22,269
Equity settled share based payment	194,810	565,160	194,810	565,160
Conversion of debt to equity	50,000	--	50,000	--
Movements in assets and liabilities:				
Receivables	(14,470)	(23,203)	(13,983)	(39,426)
Payables	224,387	(64,590)	219,395	(63,473)
Net cash used in operating activities	(926,291)	(940,951)	(935,748)	(940,535)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15: CASH FLOW INFORMATION *(continued)*

	Consolidated		Parent Entity	
	30 June 2007 $	30 June 2006 $	30 June 2007 $	30 June 2006 $
(b) Acquisition of entity				
On 4 December 2006, the Company acquired 100% of the issued ordinary shares of OBJ Transdermal Vaccines Pty Ltd.				
Cash purchase consideration	--	--	1,000	--
Cash outflow	--	--	1,000	--
Assets and liabilities held at acquisition date:				
Cash	--	--	1,000	--

(c) Non-cash investing and financing activities

During the year, the parent entity issued 1,000,000 ordinary fully paid shares at an issue price of 5 cents per share as the $50,000 consideration for debt conversion on 27 September 2006.

NOTE 16: KEY MANAGEMENT PERSONNEL

Names and positions of Directors and specified executives in office at any time during the financial year are:

Directors

Mr. Jeffrey David Edwards	Director – Executive
Dr. Christopher John Quirk	Director – Non-Executive
Mr. John Joseph Palermo	Director – Non-Executive
Mr. Glyn Gregory Horne Denison	Director – Non-Executive

Specified Executives

Ms. Leearne Maree Hinch	Chief Operations Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: KEY MANAGEMENT PERSONNEL *(continued)*

Remuneration of Directors and Executives

	Primary Salary & Fees ($)	Cash Bonus ($)	Non-Monetary ($)	Post Employment Superannuation ($)	Post Employment Retirement Benefits ($)	Equity Options ($)	Other Benefits ($)	TOTAL ($)
Parent Entity Directors and Executives								
Edwards, J D: Director (executive)								
2007	120,000	--	--	--	--	33,880	9,750	163,630
2006	133,000	--	--	--	--	75,060	--	208,060
Quirk, C J: Director (non-executive)								
2007	18,750	--	--	6,250	--	33,880	--	58,880
2006	18,750	--	--	7,938	--	75,060	--	101,748
Palermo, J J: Director (non-executive)								
2007	46,250	--	--	13,700	--	33,880	--	93,830
2006	46,389	--	--	4,175	--	--	--	50,564
Denison, G G H: Director (non-executive)								
2007	--	--	--	25,000	--	33,880	--	58,880
2006	--	--	--	8,854	--	--	--	8,854
Hinch, L M: Chief Operations Officer								
2007	61,025	--	--	5,492	--	--	--	66,517
2006	--	--	--	--	--	--	--	--
Total								
2007	246,025	--	--	50,442	--	135,520	9,750	441,737
2006	198,139	--	--	20,967	--	150,120	--	369,226

There are no other specified executives in positions of control or exercising management authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: KEY MANAGEMENT PERSONNEL *(continued)*

Transactions with Key Management Personnel

Either individually or through companies under his control, Mr John J. Palermo has received payment for the provision of accounting, secretarial and administration under normal commercial terms and conditions.

The aggregate amount of payments for the above mentioned services provided in the ordinary course of business are as follows:

	2007 $	2006 $
Accounting, secretarial and administrative	73,242	--

Remuneration Options

	Grant No.	Grant Date	Terms & Conditions for Each Grant: Exercise Price $	First Exercise Date	Last Exercise Date
J D Edwards	2,000,000	21/12/2006	$0.10	21/12/2006	31/12/2008
C J Quirk	2,000,000	21/12/2006	$0.10	21/12/2006	31/12/2008
J J Palermo	2,000,000	21/12/2006	$0.10	21/12/2006	31/12/2008
G G H Denison	2,000,000	21/12/2006	$0.10	21/12/2006	31/12/2008

The grant of options is to provide an incentive to each of the directors for future services they will provide to the company and an acknowledgement of past services. The directors consider that the incentive provided is cost effective to the company as opposed to alternative incentives in the form of a monetary bonus or director's fees. The options have been valued using the Black-Scholes valuation method.

Options and Rights Holdings by Directors

	Balance 01/07/06 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/07 (No. Options)	Total Vested 30/06/07 (No. Options)	Total Exercisable (No. Options)
Parent Entity Director							
J D Edwards	4,500,000	2,000,000	--	--	6,500,000	6,500,000	6,500,000
C J Quirk	4,500,000	2,000,000	--	--	6,500,000	6,500,000	6,500,000
J J Palermo	--	2,000,000	--	--	2,000,000	2,000,000	2,000,000
G G H Denison	4,500,000	2,000,000	--	--	6,500,000	6,500,000	6,500,000
Total	13,500,000	8,000,000	--	--	21,500,000	21,500,000	21,500,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: KEY MANAGEMENT PERSONNEL *(continued)*

Share Holdings by Directors

	Balance 01/07/06 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/07 (No. of Shares)
Parent Entity Director					
J D Edwards	79,525,000	--	--	--	79,525,000
C J Quirk	27,800,000	--	--	--	27,800,000
J J Palermo	--	--	--	--	--
G G H Denison	150,000	--	--	--	150,000
Total Directors	107,475,000	--	--	--	107,475,000

NOTE 17: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of OBJ Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2007 $	% Equity Interest 2006 $	Book Value of Shares held by Parent Entity 2007 $	Book Value of Shares held by Parent Entity 2006 $
International Scientific Pty Ltd	AUS	100%	100%	--	--
OBJ Transdermal Vaccines Pty Ltd	AUS	100%	--	1,000	--
				1,000	--

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Related party receivables with controlled entities:				
International Scientific Pty Ltd	--	--	42,634	22,269
Less: provision for non recovery	--	--	(42,634)	(22,269)
	--	--	--	--
OBJ Transdermal Vaccines Pty Ltd	--	--	(160)	--

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
NOTE 18: AUDITORS' REMUNERATION				
Amounts paid or due and payable to the auditors for:				
Audit and review services – RSM Bird Cameron Partners	17,500	--	17,500	--
Audit and review services – BDO Kendalls Audit & Assurance (WA)	650	58,272	650	58,272
	18,150	58,272	18,150	58,272

NOTE 19: CONTRIBUTED EQUITY

(a) Issued Capital

457,675,000 fully paid ordinary shares (2006: 356,175,000)	13,488,763	11,005,115	13,488,763	11,005,115

(b) Movements in ordinary share capital of the Company during the year was as follows:

Date	Details	Number of Shares	Issue Price	$
01/07/2006	Opening balance	356,175,000	--	11,005,115
27/09/2006	Shares issued as part of raising of working capital	51,500,000	$0.05	2,575,000
27/09/2006	Shares issued as part of debt conversion	1,000,000	$0.05	50,000
03/01/2007	Shares issued on conversion of B Class shares to ordinary shares for no consideration (*)	49,000,000	--	--
	Less: transaction costs arising on share issues	--	--	(141,352)
30/06/2007	Closing balance	457,675,000	--	13,488,763

***** The conversion of the shares arose from a business acquisition transaction in the year ended 30 June 2005 and the consideration applicable to the B Class shares being issued was brought to account in that reporting period.

NOTE 20: RESERVES

	Consolidated		Parent Entity	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	$	$	$	$
Option reserve	759,970	565,160	759,970	565,160

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 20: RESERVES *(continued)*

The option reserve records items recognised as expenses on valuation of employee/consultant share options.

Movements in Options		**Number of options**	**Exercise price**	**Fair value of options issued**	**Expiry date**
01/07/2006	Opening balance	21,000,000	--	$565,160	--
06/12/2006	Unlisted options issued pursuant to resolution of members	25,750,000	$0.10	--	31/12/2008
21/12/2006	Unlisted options issued to directors	8,000,000	$0.10	$135,520	31/12/2008
21/12/2006	Unlisted options issued to employees/consultants	3,500,000	$0.10	$59,290	31/12/2008
		58,250,000		$759,970	

The Black and Scholes valuation was used to value the options issued as share-based payments. The following factors and assumptions were used in determining the fair value of options on grant date:

Expiry Date	**Fair Value per Option**	**Exercise Price**	**Estimated Volatility**	**Risk Free Interest Rate**
31 December 2008	$0.01694	$0.10	95%	6.05%

A discount factor of 30% has been applied to the determined fair value due to the lack of marketability, as the options are unlisted.

All options are vested and no options were exercised during the year. The shared-based payment expense for the year was $194,810 (2006: $565,160).

NOTE 21: JOINT VENTURES

The Company has a 50% interest in the Keystone Marketing Asia Joint Venture with respect to the Company's licence over the Australian region to market the Keystone suite of products.

The Company's share of assets employed in the joint venture is:

	Consolidated		**Parent Entity**	
	30 June 2007 $	**30 June 2006 $**	**30 June 2007 $**	**30 June 2006 $**
Current Assets				
Cash	1,572	1,621	1,572	1,621
Net interest in joint venture	1,572	1,621	1,572	1,621

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 22: LOSS PER SHARE

Diluted loss per share is the same as basic loss per share.

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated 2007 $	Consolidated 2006 $
Net loss after income tax	(1,396,511)	(1,433,090)
Loss used in calculating basic and diluted loss per share	(1,396,511)	(1,433,090)
Weighted average number of ordinary shares used in calculating basic loss per share:	419,769,521	351,946,085
Weighted average number of ordinary shares used in calculating diluted loss per share:	419,769,521	351,946,085

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of EPS.

NOTE 23: FINANCIAL INSTRUMENTS

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is summarised as follows:

Consolidated Entity

2007	Non-Interest Bearing ($)	Fixed Interest Rate Maturing: 1 Year or Less ($)	Over 1 to 5 Years ($)	More than 5 years ($)	Floating Interest Rate ($)	Total ($)	Weighted average interest rate
Financial assets:							
Cash and cash equivalents	--	--	--	--	2,042,745	2,042,745	6.30%
Trade and other receivables	52,877	--	--	--	--	52,877	--
Other	1,427	--	--	--	--	1,427	--
	54,304	--	--	--	2,042,745	2,097,049	
Financial liabilities:							
Trade and other payables	290,339	--	--	--	--	290,339	--
Interest bearing liabilities	--	--	--	--	--	--	--
	290,339	--	--	--	--	290,339	
Net financial instruments	(236,035)	--	--	--	2,042,745	1,806,710	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 23: FINANCIAL INSTRUMENTS *(continued)*

2006		**Fixed Interest Rate Maturing**					
	Non-Interest Bearing ($)	**1 Year or Less ($)**	**Over 1 to 5 Years ($)**	**More than 5 years ($)**	**Floating Interest Rate ($)**	**Total ($)**	**Weighted average interest rate**
Financial assets:							
Cash and cash equivalents	--	--	--	--	559,651	559,651	5.56%
Trade and other receivables	38,407	--	--	--	--	38,407	--
	38,407	--	--	--	559,651	598,058	
Financial liabilities:							
Trade and other payables	69,293	--	--	--	--	69,293	--
Interest bearing liabilities	1,620	--	--	--	--	1,620	--
	70,913	--	--	--	--	70,913	
Net financial instruments	(32,506)	--	--	--	559,651	527,145	

Credit Risk Exposure

The maximum credit risk exposure for each class of financial assets is represented by the carrying amounts of the class of asset.

The company had no significant concentrations of credit risk with any single counterparty or group of counterparties.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year ended 30 June 2007, the following events have occurred:

- On 11 July 2007, the Company issued two unsecured convertible notes valued at $60,000 each, for a term of 13 months, convertible at any time by the holder into fully paid ordinary shares and options at a price equal to $0.05, or 80% of the average price of the shares over the last 5 trading days prior to conversion, whichever is the lower, per share, and otherwise on terms and conditions standard to notes of this nature.
- On 3 September 2007, the Company issued 8,000,000 options as an incentive to consultants, exercisable at $0.07 on or before 30 June 2010.

NOTE 25: ECONOMIC DEPENDENCY

The Company is not economically dependent upon any third parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 26: SEGMENT INFORMATION

The principal activity of the Company is the development of the dermaportation drug delivery technology.

The Company and its controlled entities operate in one geographical segment being Australia.

NOTE 27: CONTINGENT LIABILITIES

OBJ Limited has no known material contingent liabilities at the end of the financial year.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 29 to 53 are in accordance with the Corporations Act 2001, including:

1. (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Jeffrey Edwards
Director
Perth, Western Australia
27TH **September 2007**

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OBJ LIMITED

We have audited the accompanying financial report of OBJ Limited ("the company"), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001,* the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 17 to 18 of the directors' report and not in the financial report.

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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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 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 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 and the remuneration disclosures contained in the directors' report.

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

Independence

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

Auditor's Opinion on the Financial Report

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 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.

Auditor's Opinion on the AASB 124 remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 17 to 18 of the directors' report comply with Accounting Standard AASB 124.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S C CUBITT
Partner

Perth, WA
Dated: 27 September 2007

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 11 SEPTEMBER 2007:

SPREAD OF HOLDINGS	HOLDERS	SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	211	100,010	0.02
1,001 - 5,000	207	482,798	0.11
5,001 - 10,000	90	756,120	0.17
10,001 - 100,000	509	26,201,148	5.72
100,001+	437	430,134,965	93.98
	1,454	457,675,041	100.00

The number of shareholdings held in less than marketable parcels is 466.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	Robert Alexander Douglas <Douglas Inv A/c>	59,250,000	12.95
2.	JEB Holdings Pty Ltd <Edwards Family A/c>	49,825,000	10.89
3.	Fongrad Pty Ltd <Fongrad A/c>	12,400,000	2.71
4.	Sum Meng Fong	9,800,000	2.14
5.	Peter Graham Wells	9,650,000	2.09
6.	Shemariah Pty Ltd	9,500,000	2.08
7.	John Snowden & Pauline Snowden	9,000,000	1.97
8.	Gilbert Shearer & Elizabeth Shearer <Shearer S/F A/c>	8,850,000	1.93
9.	Peter Hill	7,700,000	1.68
10.	Heather Ann Wright	7,300,000	1.60
11.	Christopher Quirk <Quirk Super Fund A/c>	7,300,000	1.60
12.	Flinders Property Investment Pty Ltd	7,000,000	1.53
13.	Peter Thrupp & Julie Thrupp	7,000,000	1.53
14.	Shemariah Pty Ltd <Kirkwood Family Super Fund A/c>	6,700,000	1.46
15.	Flinders Property Investment Pty Ltd	6,278,578	1.37
16.	Hamelin Nominees Pty Ltd <Chanel Family A/c>	5,300,000	1.16
17.	Colin Kirkwood	5,250,000	1.15
18.	Dolphin Technology Pty Ltd	4,833,334	1.06
19.	Platinum One Development Pty Ltd <Platinum Family A/c>	4,457,766	0.97
20.	Paul Hislop & Linda Hislop <Next Phase A/c>	4,075,000	0.89
		241,469,678	52.76

iii) VOTING RIGHTS

No restrictions - on a show of hands every member present in person or by proxy shall have one vote and upon a poll, each fully paid share shall have one vote.

ASX ADDITIONAL INFORMATION (continued)

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as recorded in the Register of Members as at 11 September 2007:

Name	Ordinary Shares No.	%
Robert Alexander Douglas <Douglas Inv A/c>	59,250,000	12.95
JEB Holdings Pty Ltd <Edwards Family A/c>	49,825,000	10.89

2. UNQUOTED SECURITIES

(a) C CLASS SHARES

As at 11 September 2007 there existed the following unquoted C Class Shares:

(i) 49,000,000 C CLASS SHARES

	C Class Shares	%
Christopher Quirk <Quirk Super Fund A/c>	4,900,000	10.00
John Snowden & Pauline Snowden	4,900,000	10.00
Heather Ann Wright	4,900,000	10.00
Hamelin Nominees Pty Ltd <Chanel Family A/c>	4,900,000	10.00
JEB Holdings Pty Ltd <Edwards Family A/c>	29,400,000	60.00
	49,000,000	100.00

(ii) VOTING RIGHTS

Holders of C Class shares are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their C Class shareholding.

(b) OPTIONS

As at 11 September 2007 there existed the following unquoted options:

(i) 7,000,000 OPTIONS EXERCISABLE AT $0.05 EACH ON OR BEFORE 31 DECEMBER 2008

	Options	%
Hamelin Nominees Pty Ltd <Chanel Family A/c>	1,500,000	21.43
J E B Holdings Pty Ltd <Edwards Family A/c>	1,500,000	21.43
Andrew Shelley Barker <The CMJ A/c>	500,000	7.14
Dolphin Technology Pty Ltd <The Dolphin A/c>	2,000,000	28.57
Glyn Denison <Glyn Denison Family A/c>	1,500,000	21.43
	7,000,000	100.00

ASX ADDITIONAL INFORMATION (continued)

(b) OPTIONS (continued)

(ii) 44,250,000 OPTIONS EXERCISABLE AT $0.10 EACH ON OR BEFORE 31 DECEMBER 2008

	Options	%
Robert Douglas <Douglas Investment A/c>	18,000,000	40.68
Dolphin Technology Pty Ltd <The Dolphin A/c>	4,554,510	10.29
Hamelin Nominees Pty Ltd <Chanel Family A/c>	3,500,000	7.91
J E B Holdings Pty Ltd <Edwards Family A/c>	3,500,000	7.91
Glyn Denison <Glyn Denison Family A/c>	3,500,000	7.91
Flinders Property Investments Pty Ltd	3,000,000	6.78
Gilbert Shearer & Elizabeth Shearer <Shearer Super Fund A/c>	2,000,000	4.52
Gratia Holdings Pty Ltd <Gratia A/c>	2,000,000	4.52
Andrew Shelley Barker <The CMJ A/c>	1,500,000	3.39
Echelon Pty Ltd	1,000,000	2.26
Sontel Pty Ltd <Sontel Discretionary A/c>	500,000	1.13
Rick Stafford-Smith & Susan Stafford-Smith	500,000	1.13
Ingrid Deborah Hoeneveld	500,000	1.13
Jomima Pty Ltd <The Internal Equity A/c>	195,490	0.44
	44,250,000	100.00

(iii) 7,000,000 OPTIONS EXERCISABLE AT $0.15 EACH ON OR BEFORE 31 DECEMBER 2008

	Options	%
Hamelin Nominees Pty Ltd <Chanel Family A/c>	1,500,000	21.43
J E B Holdings Pty Ltd <Edwards Family A/c>	1,500,000	21.43
Andrew Shelley Barker <The CMJ A/c>	500,000	7.14
Dolphin Technology Pty Ltd <The Dolphin A/c>	2,000,000	28.57
Glyn Denison <Glyn Denison Family A/c>	1,500,000	21.43
	7,000,000	100.00

(iv) 8,000,000 OPTIONS EXERCISABLE AT $0.07 EACH ON OR BEFORE 30 JUNE 2010

	Options	%
Dr Ken Donald	2,000,000	25.00
Dr Gilbert Shearer	2,000,000	25.00
Frazer Service Pty Ltd <Frazer Family Trust A/c>	2,000,000	25.00
MSR Consulting Pty Ltd	2,000,000	25.00
	8,000,000	100.00

(v) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.