OBJ LIMITED

(ABN 72 056 482 636)

2009 ANNUAL REPORT

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:
056 482 636

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

SECRETARY:
John Joseph Palermo
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CONTENTS:

LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board, I would like to thank shareholders for their support throughout the year and to comment briefly on the key accomplishments for the period and the directions set by the Board as the Company moves forward.

Early in the financial year, the Company announced a widening of its scientific resource base through consultations with leading international transdermal experts. Their recommendations led to a change in the emphasis from in vitro to in vivo testing using the latest technologies. This change has continued and has resulted in the influence on study programs and potential partner discussions. The ability of these techniques to deliver meaningful and relevant results across a broader range of product fields is now being reflected in an increased number of partner discussions.

The Company's recent results in quantifying the extent of teeth whitening reflect the ability of the Company's technology to find applications beyond skin and the traditional drug delivery fields. The results from Optical Coherence Tomography (OCT) studies into skin moisturising and hydration reflect an increasing interest in over the counter (OTC) and other non-therapeutic applications where the regulatory hurdles and barriers to market are less onerous.

Following the success of recent testing undertaken independently by Azopharma in Florida, the Company is in a position to move more aggressively into a development stage of its technologies. The Company is exploring the development of certain product lines to ensure maximum commercial value from its technology in all market sectors.

During the year, the Company rationalised its staffing and contractor levels in line with its changing requirements, resulting in substantial cost savings and increased productivity. The Company will review its human resource requirements over the coming year as partnering and product development opportunities continue to influence growth directions.

The Company continues to seek opportunities that complement its existing expertise in order to maximize revenue potential as quickly as possible.

The Board is very appreciative of the continuing support of the shareholders and is committed to progressing the Company into the next phase of its development. We are looking forward to a very exciting year and we continue to work tirelessly to realise the objectives for the Company.

Glyn Denison
Director

REVIEW OF OPERATIONS

The Company's principal activity has been the design and development of high performance transdermal drug patch systems for pharmaceutical, dermatological, consumer healthcare and cosmetic applications using the Company's two proprietary magnetic delivery technologies. The Company's commercial strategy has been to leverage early licensing opportunities, fee-for-service testing and development contracts with partner companies utilising either generic or proprietary active ingredients. This strategy allows the Company to utilise existing contract manufacturing facilities in Europe, USA and Asia to achieve regulatory compliance without the need for substantial infrastructural investment. To support this strategy, efforts over the period have been applied to building the Company's product feasibility assessment, technology testing, patch formulation, prototyping and intellectual property development capabilities necessary for partner collaborations.

Feasibility Assessment involves the testing of prototype patch implementations in a manner that is indicative of the performance enhancements that the Company's technologies can provide in a final commercial product.

The Company previously relied on in vitro testing for the majority of its technology development work and while this method was well suited to testing a wide range of molecules for susceptibility, it was less suitable for over-the-counter (OTC) pharmaceutical, dermatological and cosmetic applications where the effects on living skin are more relevant. To expand the Company's capabilities in this area, a number of new in vivo optical and electrical models were adopted which have allowed the Company to offer potential partners rapid assessment of patch prototypes across a wide range of applications.

Formulation and **Patch Prototyping** are areas of growth that were previously limited. The newly expanded capabilities permit the Company to undertake assessments of patch potential over a broad commercial base using formulations and patch designs similar to those offered in high volume production. Patch prototyping utilises existing and commercially available materials allowing the Company to offer potential partners cost-effective and rapid turnaround of new product assessments.

Intellectual Property programmes have continued to mature and focused on developing patentability for the unique combination of patch format, delivery fields and drug ingredients. By doing so, the Company is able to offer the potential of patent protection for each individual product without limiting the scope of the Company's underlying technologies.

Business Development and Partnering

In October 2008, the Company announced that it had entered into a second agreement with a global Fast Moving Consumer Goods (FMCG) company for advanced feasibility development of magnetically enhanced patch implementations of an important OTC drug compound with worldwide sales. The US$355,000 advanced feasibility program is investigating the level of performance enhancement provided by both Dermaportation and ETP in a fully developed patch formulation against an existing and established gel product with international sales.

REVIEW OF OPERATIONS *(continued)*

The patch formulation, patch prototyping and in vitro testing components of this program are being conducted by Azopharma in Florida USA. Following the completion of Azopharma's formulation and stability studies in July 2009, the Company provided a range of Dermaportation fields and ETP materials for direct comparative testing against the established gel product. Over the four-week study period, Dermaportation and ETP materials were optimised to the Azopharma formulation and data on the rates of penetration through human epidermis were generated. The level of enhanced delivery over and above that of the established gel product met the Company's expectations for both Dermaportation and ETP technologies. The study results have been provided to the client and further details will be published within the scope of commercial confidentiality provisions of the contract with the client.

Research and Development

Following differences in results in in vitro Naltrexone studies between Curtin University and the University of Queensland, as reported in a Shareholder Update 8 September 2008, the Company sought the help of international transdermal experts.

Their recommendation was to move away from reliance on in vitro testing and move towards in vivo (living) study programs that better replicate real drug delivery environments. They advised that inter-laboratory difference in matters such as skin preparation, storage, equilibration, testing and assays made it difficult to isolate the pure technology effect from other influences. In accordance with this advice, the Company has expanded its testing and evaluation capabilities to include a range of new electrical and optical techniques that may be applied to living skin and living subjects.

The technology testing Update of April 2009 set out the results of a multi-test investigation by Dr Vince Wallace of the Optical + Biomedical Engineering Laboratory at the University of Western Australia into the effect of the Company's newest low-cost ETP patch technology on the delivery and bioeffect of the common cosmetic compound, Urea. The ability of these techniques to demonstrate biological effects in living tissues has given the Company greater insight into the effects of its technologies and a new method of demonstrating the benefits of the Company's technologies in new products. This work was expanded in July 2009 through a parallel study at Curtin University which replicated the conditions of the volunteer study and collected data on drug penetration rates through human epidermis, rather than the bioeffects. The results of this study have confirmed that the downstream biological effects of the human volunteer study had a high correlation with drug delivery rates from the in vitro study. This established an important in vitro-in vivo correlation which validates the reliability of past in vitro results and more recent in vivo studies.

Results of this work have generated interest from the international cosmetic sector and the Company is now in discussions with potential industry partners regarding evaluation and development programs across a range of applications.

In July 2009, the Company announced the results of a collaborative study with Curtin University into Tooth Whitening using the Company's **eM-patch®** Tooth Strip design. Results showed statistically significant improvements in all key tooth whitening measures using the new **eM-patch®** Tooth Strip when compared to the same tooth whitening agent delivered using the standard contact method.

REVIEW OF OPERATIONS *(continued)*

The Company's Tooth Whitening results have also attracted industry interest resulting in discussions with multiple potential partners regarding several product applications within the oral health sector.

The data provided by these and other similar studies has allowed the Company to accelerate its research programs and partner discussions at less cost and with more commercial relevance than previous in vitro testing. These new tools allowed the Company to research the effects of differing fields on various formulation approaches and in various patch and product formats. This new product-focused development platform has also allowed the Company to concentrate on the low-cost ETP powerless material and to build a new product development platform for partner focused developments and feasibility assessments.

Product Development Programs

As part of the Company's research programs, over 25 different drugs and compounds have now been tested to determine their suitability for magnetic enhanced delivery. The Company is now defining product applications that it wishes to pursue into the developmental phase. The intention is to focus on applications and market sectors where in-house product development will return greater value to Shareholders than partner licensing arrangements. OBJ has held a series of discussions with selected international pharmaceutical and cosmetic companies with a view to engaging with the most suitable partners to further develop the selected product applications.

Scientific Publications

Publication in respected peer-reviewed journals and presentations at key academic and commercial conferences play an important role in the Company's market development programs. They provide access to key decision-makers and have lead to important contacts within potential partner companies.

The following publications and presentations were made during the period.

ELECTROMAGNETOPHORESIS: POTENTIAL FOR ENHANCED SKIN PENETRATION OF PEPTIDES
3rd Symposium of Skin and Formulation and 10th Skin Forum

ELECTROMAGNETOPHORESIS: POTENTIAL FOR ENHANCED SKIN PENETRATION OF DRUGS AND COSMETICS
3rd Symposium of Skin and Formulation and 10th Skin Forum

ENHANCED TRANSDERMAL DELIVERY OF NALTREXONE BY PULSED ELECTROMAGNETIC FIELDS IN HUMAN SKIN IN VITRO
Submission: Journal of Pharmaceutical Science

REVIEW OF OPERATIONS *(continued)*

Expenditure

The period has seen substantial changes in staffing levels and expenditure as the Company moved to more efficient testing and development methods. Overall staffing levels have dropped from five at the commencement of the period to two. These changes largely reflected the reduced need for in vitro laboratory and analytical staff and the increased use of the newer laser and optical techniques available to the Company through external university laboratories.

The Company utilises skilled consultants on a project-by-project basis which has benefited the Company with increased efficiency and reduced costs. This trend will extend into the next period.

Other Events

In October 2008, Dr Ken Donald and Dr Gilbert Shearer resigned from the Board of Directors of the Company. OBJ is grateful for their contribution during their time as Directors and wishes them well in their future endeavours.

In December 2008, Professor Ian Fraser resigned from the Company's Scientific Advisory Board, citing a busy schedule and limited call for his expertise as his reasons. The Board expresses it thanks to Professor Fraser for his contribution and assistance however hopes to work with Professor Fraser once the Company's early human immunological programs reaches a suitable level of advancement.

Leearne Hinch, the Company's Chief Operations Officer, left the Company in February 2009 and the Board wishes to express its thanks to Leearne for her assistance during her period with the Company.

The Company is at an exciting stage of its development as it transitions from early technology research to product development and ultimately commercialisation. The independent testing results by Azophama in Florida using a fully developed drug-patch format, has given a high level of confidence in the ability of both the Company's technologies to deliver real consumer benefits in a form and at a cost acceptable to the market. The Company will now focus on attracting further industry partners and optimising products that utilise OBJ's enhanced delivery patch technologies.

DIRECTORS' REPORT

The directors present their report on the results of OBJ Limited and its controlled entities for the year ended 30 June 2009.

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. Glyn Gregory Horne Denison
Dr. Gilbert Shearer (resigned: 26 September 2008)
Dr. Kenneth Donald (resigned: 26 September 2008)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year ended 30 June 2009 were research and development for its Dermaportation and ETP transdermal drug delivery technologies.

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 $1,732,579 (2008: $925,519).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2009.

The Board has not made a recommendation to pay dividends for the period to 30 June 2009.

REVIEW OF OPERATIONS

The Company continues to pursue development of its Dermaportation and ETP technologies, review its intellectual property assets and evaluate new business opportunities to strengthen its technology and/or product portfolio with the objective of enhancing shareholder value.

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
12/09/2008	Working capital	15,000,000	$0.005	--	--	--
12/09/2008	Debt conversion	53,000,000	$0.005	--	--	--
12/01/2009	Rights issue prospectus	50,736,249	$0.005	50,736,249	$0.01	31/12/2010
16/01/2009	Rights issue prospectus	55,000,000	$0.005	55,000,000	$0.01	31/12/2010
19/01/2009	Rights issue prospectus	16,000,000	$0.005	16,000,000	$0.01	31/12/2010
21/01/2009	Working capital	12,000,000	$0.005	12,000,000	$0.01	31/12/2010
12/02/2009	Rights issue prospectus	30,000	$0.005	30,000	$0.01	31/12/2010
04/06/2009	Working capital	98,333,333	$0.003	--	--	--

DIRECTORS' REPORT *(continued)*

SIGNIFICANT AFTER BALANCE DATE EVENTS

Details of subsequent events are set out in note 22.

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 25 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)

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:

- Australian Renewable Fuels Limited (resigned August 2009)

(* denotes current directorship)

COMPANY SECRETARY

Mr John J Palermo B.Bus. CA, ACIS

Mr Palermo is a Chartered Accountant with thirteen 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 Chartered Accountants Program.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2009, the Company held 60 director's meetings, including director's resolutions. The total number of meetings attended and circular resolutions executed by each director were:

		Board Meetings		Resolutions
		Number Eligible to Attend	Number Attended	Number Executed
Mr J D Edwards		13	13	47
Dr C J Quirk		13	13	47
Mr G G H Denison		13	12	47
Dr G Shearer	(resigned: 26 September 2008)	3	3	--
Dr K Donald	(resigned: 26 September 2008)	3	1	1

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.

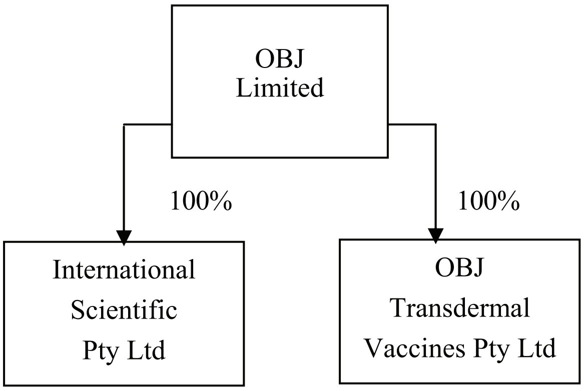
DIRECTORS' REPORT *(continued)*

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:

Australia



SHARE OPTIONS

As at the date of this report, there existed the following outstanding options to acquire ordinary shares:

Listed Options

133,761,749 options remain on issue, exercisable at $0.01 on or before 31 December 2010.

Unlisted Options

14,000,000 options remain on issue, exercisable at $0.07 on or before 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.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT

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

Remuneration policy

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.

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 and the time and commitment required to efficiently and effectively perform the required tasks.

Remuneration of Executive Director

Jeffrey Edwards is paid $15,400 per calendar month, paid monthly in arrears for consulting fees.

Remuneration of Non Executive Directors

Glyn Denison is paid $1,500 per day or a proportion thereof on a pro rata basis, paid monthly in arrears for consulting fees.
Chris Quirk is paid $25,000 per annum, paid quarterly in arrears for consulting fees.

Employment Agreements

Remuneration for the Chief Operations Officer was formalised in an employment agreement up until the time of her resignation on 6 February 2009.

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 to 10% of base salary payable in cash or equity.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of Directors and Executives (audited)

	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)								
2009	225,000	--	--	--	--	--	5,250	230,250
2008	139,340	--	--	--	--	--	9,000	148,340
Quirk, C J: Director (non-executive)								
2009	50,909	--	--	--	--	--	--	50,909
2008	25,000	--	--	--	--	--	--	25,000
Denison, G G H: Director (non-executive)								
2009	80,000	--	--	25,000	--	--	--	105,000
2008	40,750	--	--	19,312	--	--	--	60,062
Shearer, G: Director (non-executive) (resigned: 26 September 2008)								
2009	--	--	--	6,250	--	--	--	6,250
2008	--	--	--	1,717	--	35,700	--	37,417
Donald, K: Director (non-executive) (resigned: 26 September 2008)								
2009	--	--	--	6,250	--	--	--	6,250
2008	--	--	--	1,717	--	35,700	--	37,417
Hinch, L M: Chief Operations Officer (resigned: 6 February 2009)								
2009	194,359	--	--	10,846	--	--	17	205,222
2008	200,000	20,000	--	18,000	--	19,350	34	257,384
Total								
2009	550,268	--	--	48,346	--	--	5,267	603,881
2008	405,090	20,000	--	40,746	--	90,750	9,034	565,620

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

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 INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 14.

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 16. 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 and the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants. 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
30th **September 2009**

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AUDITOR INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of OBJ Limited for the year ended 30 June 2009, 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

T PHONG
Partner

Perth, WA
Dated: 30 September 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 30 June 2009 $	Consolidated 30 June 2008 $	Parent Entity 30 June 2009 $	Parent Entity 30 June 2008 $
Revenue	2	518,134	895,935	518,134	895,933
Borrowing costs	3(a)	(9,292)	(20,048)	(9,289)	(20,046)
Depreciation expenses	3(a)	(12,105)	(14,207)	(10,854)	(12,541)
Administration fees	3(b)	(189,016)	(109,534)	(173,288)	(94,649)
Consultants and consultants benefits Expenses	3(b)	(860,120)	(546,269)	(761,249)	(394,743)
Diminution in value of loans and investments	3(b)	(20,000)	--	(508,848)	(609,897)
Directors and employees benefits expenses	3(b)	(757,419)	(730,975)	(426,331)	(381,788)
Occupancy expenses	3(b)	(71,747)	(42,624)	(71,747)	(42,624)
Share of joint venture expenses	3(b)	(104)	(49)	(104)	(49)
Travel and accommodation	3(b)	(41,312)	(92,235)	(17,096)	(88,575)
Other expenses	3(b)	(289,598)	(265,513)	(287,598)	(154,538)
Loss before income tax		(1,732,579)	(925,519)	(1,748,270)	(903,517)
Income tax	4	--	--	--	--
Loss after income tax		(1,732,579)	(925,519)	(1,748,270)	(903,517)
Loss attributable to members of OBJ Limited		(1,732,579)	(925,519)	(1,748,270)	(903,517)
		Cents	**Cents**		
Basic and dilutive loss per share (cents per share)	20	(0.3)	(0.2)		

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

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated		Parent Entity	
		30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
Current Assets					
Cash and cash equivalents	5	1,436,817	1,422,613	1,411,595	1,379,072
Trade and other receivables	6	79,826	71,756	73,380	56,537
Other current assets	7	--	4,072	--	4,072
Total Current Assets		1,516,643	1,498,441	1,484,975	1,439,681
Non-Current Assets					
Plant and equipment	8	31,316	40,168	28,528	37,717
Other financial assets	9	--	--	1,000	1,000
Total Non-Current Assets		31,316	40,168	29,528	38,717
Total Assets		1,547,959	1,538,609	1,514,503	1,478,398
Current Liabilities					
Trade and other payables	10	715,717	141,618	676,494	59,949
Interest bearing liabilities	11	410,000	265,000	410,000	265,000
Total Current Liabilities		1,125,717	406,618	1,086,494	324,949
Total Liabilities		1,125,717	406,618	1,086,494	324,949
Net Assets		422,242	1,131,991	428,009	1,153,449
Equity					
Contributed equity	17	14,511,593	13,488,763	14,511,593	13,488,763
Reserves	18	960,820	960,820	960,820	960,820
Accumulated losses		(15,050,171)	(13,317,592)	(15,044,404)	(13,296,134)
Total Equity		422,242	1,131,991	428,009	1,153,449

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Option Reserves	Accumulated Losses	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2007	13,488,763	759,970	(12,392,073)	1,856,660
Fair value of options issued during the year	--	200,850	--	200,850
Loss attributable to members of parent entity	--	--	(925,519)	(925,519)
Balance at 30 June 2008	13,488,763	960,820	(13,317,592)	1,131,991
Balance at 1 July 2008	13,488,763	960,820	(13,317,592)	1,131,991
Shares issued during the year	1,303,831	--	--	1,303,831
Fair value of options issued during the year	--	--	--	--
Transaction costs	(281,001)	--	--	(281,001)
Loss attributable to members of parent entity	--	--	(1,732,579)	(1,732,579)
Balance at 30 June 2009	14,511,593	960,820	(15,050,171)	422,242
Parent				
Balance at 1 July 2007	13,488,763	759,970	(12,392,617)	1,856,116
Fair value of options issued during the year	--	200,850	--	200,850
Loss attributable to members of parent entity	--	--	(903,517)	(903,517)
Balance at 30 June 2008	13,488,763	960,820	(13,296,134)	1,153,449
Balance at 1 July 2008	13,488,763	960,820	(13,296,134)	1,153,449
Shares issued during the year	1,303,831	--	--	1,303,831
Fair value of options issued during the year	--	--	--	--
Transaction costs	(281,001)	--	--	(281,001)
Loss attributable to members of parent entity	--	--	(1,748,270)	(1,748,270)
Balance at 30 June 2009	14,511,593	960,820	(15,044,404)	428,009

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 2009

	Note	Consolidated		Parent Entity	
		30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
Cash flows from operating activities					
Receipts from customers		838,980	750,396	838,980	750,396
Payments to suppliers and employees		(1,876,840)	(1,478,179)	(1,371,264)	(1,519,798)
Interest received		57,790	134,058	57,790	134,056
Borrowing costs		(6,259)	(20,048)	(6,256)	(20,046)
Net cash used in operating activities	**13**	(986,329)	(613,773)	(480,750)	(655,392)
Cash flows from investing activities					
Proceeds from sale of plant and equipment		--	1,000	--	1,000
Payment for plant and equipment		(3,253)	(7,359)	(1,665)	(4,481)
Loans to other entities		--	--	(488,848)	(160)
Payment for investment		(20,000)	--	(20,000)	--
Net cash used in investing activities		(23,253)	(6,359)	(510,513)	(3,641)
Cash flows from financing activities					
Proceeds from issues of shares and options		918,831	--	918,831	--
Transaction costs from issue of shares and options		(221,001)	--	(221,001)	--
Proceeds from borrowings		410,000	--	410,000	--
Net cash provided by financing activities		1,107,830	--	1,107,830	--
Net increase/(decrease) in cash and cash equivalents held		98,248	(620,132)	116,567	(659,033)
Cash and cash equivalents at the beginning of the financial year		1,422,613	2,042,745	1,379,072	2,038,105
Effect of exchange rate changes on cash holdings		(84,044)	--	(84,044)	--
Cash and cash equivalents at the end of the financial year	**5**	1,436,817	1,422,613	1,411,595	1,379,072

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 2009

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 30 September 2009.

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) Going Concern

As disclosed in the financial statements, the parent and consolidated entity recorded operating losses of \$1,748,270 and \$1,732,579 and had cash outflows from operating activities of \$480,750 and \$986,329 respectively for the year ended 30 June 2009 and at balance date, the parent and consolidated entity had net current assets of \$398,481 and \$390,926 respectively.

After consideration of these financial conditions, the directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the Company and consolidated entity:

- The ability to raise additional capital under the Corporations Act 2001 as occurred during the year, as disclosed in Note 17 (b);
- The possible commercial exploitation of the Company's technologies and products at amounts sufficient to meet proposed expenditure commitments;
- Subsequent to balance date, as disclosed in Note 22, capital of \$220,000 was raised and the Company has the discretion to convert the outstanding amounts of convertible notes (\$190,000), to equity within one month of their repayment date, as disclosed in Note 11; and
- The Company and consolidated entity have the ability to scale down their operations to conserve cash, in the event that the commercialisation of its products or capital raisings are delayed or insufficient to meet expenditure commitments.

Due to the above matters, the directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by OBJ Limited (parent entity) as at 30 June 2009 and the results of the controlled entities for the year then ended. The effects of all transactions between OBJ Limited and its controlled entities are eliminated in full.

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

(b) Principles of Consolidation *(continued)*

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.

(c) Income Tax

The charge for current income tax expense 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.

(d) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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

(d) Plant and Equipment *(continued)*

Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value method or a straight line 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	2.5-100%

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.

(e) 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.

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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

(f) Financial Instruments *(continued)*

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.

(g) 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.

(h) Intangibles

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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

(k) 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.

(l) 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).

(m) 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.

(n) 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.

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

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

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.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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

(o) Loss per share

(i) *Basic Loss per share*

Basic loss 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 Loss per share*

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

(p) 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.

(q) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Controlled entities

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

(q) Foreign Currency Transactions and Balances *(continued)*

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(r) Australian Accounting Standards and Amendments Issued but not yet Effective

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- ***AASB 3: Business Combinations, AASB 127:*** Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent’s ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company’s policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income; and
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee.

  There will be no measurement or recognition impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

(r) Australian Accounting Standards and Amendments Issued but not yet Effective *(continued)*

- ***AASB 8: Operating Segments and AASB 2007-3***: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected.

- ***AASB 101: Presentation of Financial Statements, AASB 2007-8***: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- ***AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments***: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's or Consolidated Entity's financial statements.

(s) 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 following are the critical judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

(s) Critical Accounting Estimates and Judgments *(continued)*

Share-Based Payment Transactions

The cost of 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 using the Black and Scholes valuation method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
NOTE 2: REVENUE	$	$	$	$
Export market development grant	61,704	87,657	61,704	87,657
Research and development collaboration revenue and tax offsets	406,340	662,739	406,340	662,739
Interest received	50,090	145,539	50,090	145,537
Total revenues	518,134	895,935	518,134	895,933

NOTE 3: EXPENSES

(a) Expenses				
Depreciation of plant and equipment	12,105	14,207	10,854	12,541
Borrowing costs				
- Interest expense	9,292	20,048	9,289	20,046

(b) Significant items

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

Administration fees	189,016	109,534	173,288	94,649
Auditor's remuneration	22,250	18,900	22,250	18,900
Consultants and consultants benefits expenses	860,120	546,269	761,249	394,743
Diminution in value of loans and investments	20,000	--	508,848	609,897
Directors and employees benefits expenses	757,419	730,975	426,331	381,788
Insurances	20,587	20,676	20,587	20,676
Legal costs	62,271	15,814	62,271	6,314
Occupancy expenses	71,747	42,624	71,747	42,624
Share of joint venture expenses	104	49	104	49
Travel and accommodation	41,312	92,235	17,096	88,575
Other	184,490	210,123	182,490	108,648
	2,229,316	1,787,199	2,246,261	1,766,863

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
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	(1,732,579)	(925,519)	(1,748,270)	(903,517)
Income tax calculated at 30%	(519,774)	(277,656)	(524,481)	(271,055)
Tax effect of non deductible expenses				
- Non allowable expenditure and provisions	26,945	244,656	168,062	223,236
Underprovision of tax for prior periods	200,032	(164,843)	200,032	(328,346)
Tax effect of current period losses not recognised as deferred tax assets	292,797	197,843	156,387	376,165
Income tax expenses	--	--	--	--
The following deferred tax assets have not been brought to account as assets:				
Tax losses available at 30% tax rate	1,141,159	936,569	826,910	590,482
Tax losses available	3,803,863	3,121,896	2,756,367	1,968,275

A deferred tax assets 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 2009

	Consolidated		Parent Entity	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	$	$	$	$
NOTE 5: CASH AND CASH EQUIVALENTS				
Cash on hand	1,668	600	1,668	600
Cash at bank	435,149	122,013	409,927	78,472
Cash on deposit	1,000,000	1,300,000	1,000,000	1,300,000
	1,436,817	1,422,613	1,411,595	1,379,072
NOTE 6: TRADE AND OTHER RECEIVABLES				
Amounts receivable from controlled entities	--	--	1,141,378	652,530
Prepayments	17,206	17,432	17,206	17,432
Accrued income	3,781	11,481	3,781	11,481
GST refundable	58,839	42,843	52,393	27,624
	79,826	71,756	1,214,758	709,067
Less: impairment loss of amounts receivable from controlled entities	--	--	(1,141,378)	(652,530)
	79,826	71,756	73,380	56,537
NOTE 7: OTHER CURRENT ASSETS				
Credit card funds	--	4,072	--	4,072
NOTE 8: PLANT AND EQUIPMENT				
Plant and equipment at cost	89,460	86,207	80,465	78,800
Accumulated depreciation	(58,144)	(46,039)	(51,937)	(41,083)
Total plant and equipment	31,316	40,168	28,528	37,717
Reconciliation of the carrying amount of plant and equipment is set out below:				
Carrying amount at the beginning of year	40,168	49,950	37,717	48,711
Additions	3,253	7,359	1,665	4,481
Disposals	--	(1,000)	--	(1,000)
Loss on disposal	--	(1,934)	--	(1,934)
Depreciation expense	(12,105)	(14,207)	(10,854)	(12,541)
Carrying amount at the end of year	31,316	40,168	28,528	37,717

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated		Parent Entity	
	30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
NOTE 9: OTHER FINANCIAL ASSETS				
Shares in controlled entities - at cost	--	--	1,091,000	1,091,000
Less: impairment	--	--	(1,090,000)	(1,090,000)
	--	--	1,000	1,000
NOTE 10: TRADE AND OTHER PAYABLES				
Other creditors and accruals	715,717	141,618	676,494	59,949
NOTE 11: INTEREST BEARING LIABILITIES				
Convertible notes – unsecured	410,000	265,000	410,000	265,000

On 10 September 2008, the Company issued 53,000,000 ordinary shares at $0.005 per share being consideration for the debt conversion of 265 convertible notes for $265,000.

Convertible note terms:

Issue Date	Amount $	Interest Rate	Convertible On or Before
4 June 2009	410,000	10% per annum	4 June 2010

If the Advance has not been converted in its entirety into Shares on the date which is 11 months after the date of issue of the Note, the Company may convert the amount of the Advance which has not been repaid (together with any accrued interest),into shares, upon giving 5 business days notice to the Noteholder.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12: CAPITAL AND LEASE COMMITMENTS

(a) Capital Expenditure commitments

There were no capital expenditure commitments as at 30 June 2009.

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2009.

(c) Operating lease commitments

There were no operating lease commitments as at 30 June 2009 as the Company pays rent on a month-by-month basis.

	Consolidated		Parent Entity	
	30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
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	--	36,600	--	36,600
Between 12 months and 5 years	--	146,400	--	146,400
	--	183,000	--	183,000

NOTE 13: CASH FLOW INFORMATION

Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:				
Loss after income tax	(1,732,579)	(925,519)	(1,748,270)	(903,517)
Depreciation	12,105	14,207	10,854	12,541
Equity settled share based payment	385,000	200,850	385,000	200,850
Conversion of debt to equity	(325,000)	265,000	(325,000)	265,000
Loss on disposal of plant and equipment	--	1,934	--	1,934
Diminution in value of loans and investments	20,000	--	508,848	--
FOREX movements	84,044	--	84,044	--
Movements in assets and liabilities:				
Trade and other receivables	(8,070)	(18,879)	(16,843)	(4,157)
Trade and other payables	578,171	(151,366)	620,617	(228,043)
Net cash used in operating activities	(986,329)	(613,773)	(480,750)	(655,392)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14: 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 Glyn Gregory Horne Denison	Director – Non-Executive	
Dr Gilbert Shearer	Director – Non-Executive	(resigned: 26 September 2008)
Dr Kenneth Donald	Director – Non-Executive	(resigned: 26 September 2008)
Specified Executives		
Ms Leearne Maree Hinch	Chief Operations Officer	(resigned: 6 February 2009)

Options and Rights Holdings by Directors

	Balance 01/07/08 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/09 (No. Options)	Total Vested 30/06/09 (No. Options)	Total Exercisable (No. Options)
Parent Entity Director							
J D Edwards	6,500,000	--	--	2,908,000	9,408,000	9,408,000	9,408,000
C J Quirk	6,500,000	--	--	480,000	6,980,000	6,980,000	6,980,000
G G H Denison	6,500,000	--	--	(1,182,500)	5,317,500	5,317,500	5,317,500
Total	19,500,000	--	--	2,205,500	21,705,500	21,705,500	21,705,500

Share Holdings by Directors

	Balance 01/07/08 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/09 (No. of Shares)
Parent Entity Director					
J D Edwards	79,525,000	--	--	(25,516,500)	54,008,500
C J Quirk	27,800,000	--	--	(3,820,000)	23,980,000
G G H Denison	225,000	--	--	7,817,500	8,042,500
Total Directors	107,550,000	--	--	(21,519,000)	86,031,000

Transactions with Key Management Personnel

There were no transactions with related parties other than directors' fees which have been disclosed in the Remuneration Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: 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 2009 $	% Equity Interest 2008 $	Book Value of Shares held by Parent Entity 2009 $	Book Value of Shares held by Parent Entity 2008 $
International Scientific Pty Ltd	AUS	100%	100%	--	--
OBJ Transdermal Vaccines Pty Ltd	AUS	100%	100%	1,000	1,000
				1,000	1,000

	Consolidated 30 June 2009 $	Consolidated 30 June 2008 $	Parent Entity 30 June 2009 $	Parent Entity 30 June 2008 $
Related party receivables with controlled entities:				
International Scientific Pty Ltd	--	--	1,065,003	576,155
Less: provision for non recovery	--	--	(1,065,003)	(576,155)
	--	--	--	--
OBJ Transdermal Vaccines Pty Ltd	--	--	76,375	76,375
Less: provision for non recovery	--	--	(76,375)	(76,375)
	--	--	--	--

NOTE 16: AUDITORS' REMUNERATION

Amounts paid or due and payable to the auditors for:

Audit and review services – RSM Bird Cameron Partners	22,250	18,900	22,250	18,900

NOTE 17: CONTRIBUTED EQUITY

(a) Issued Capital

757,774,623 fully paid ordinary shares (2008: 457,675,000)	14,511,593	13,488,763	14,511,593	13,488,763

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: CONTRIBUTED EQUITY *(continued)*

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

Date	Details	Number of Shares	Issue Price	$
01/07/2008	Opening balance	457,675,041	--	13,488,763
12/09/2008	Working capital	15,000,000	$0.005	75,000
12/09/2008	Debt conversion	53,000,000	$0.005	265,000
12/01/2009	Rights issue prospectus	50,736,249	$0.005	253,681
16/01/2009	Rights issue prospectus	55,000,000	$0.005	275,000
19/01/2009	Rights issue prospectus	16,000,000	$0.005	80,000
21/01/2009	Working capital	12,000,000	$0.005	60,000
12/02/2009	Rights issue prospectus	30,000	$0.005	150
04/06/2009	Working capital	98,333,333	$0.003	295,000
	Less: transaction costs arising on share issues	--	--	(281,001)
30/06/2009	Closing balance	757,774,623		14,511,593

(c) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2009 and no dividends are expected to be paid in 2010.

There is no current intention to incur debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18: RESERVES

	Consolidated		Parent Entity	
	30 June 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
Option reserve	960,820	960,820	960,820	960,820

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

Movements in options of the Company during the year were as follows:

Date	Details	Number of Options Listed	Number of Options Unlisted	Exercise Price	Fair Value of Options Issued	Expiry Date
01/07/2008	Opening balance	--	72,250,000	--	$960,820	--
31/12/2008	Unlisted options expired	--	(7,000,000)	$0.05	--	31/12/2008
31/12/2008	Unlisted options expired	--	(44,250,000)	$0.10	--	31/12/2008
31/12/2008	Unlisted options expired	--	(7,000,000)	$0.15	--	31/12/2008
12/01/2009	Rights issue prospectus (a)	50,736,249	--	$0.01	--	31/12/2010
16/01/2009	Rights issue prospectus (a)	55,000,000	--	$0.01	--	31/12/2010
19/01/2009	Rights issue prospectus (a)	16,000,000	--	$0.01	--	31/12/2010
21/01/2009	Working capital (a)	12,000,000	--	$0.01	--	31/12/2010
12/02/2009	Rights issue prospectus (a)	30,000	--	$0.01	--	31/12/2010
30/06/2009	Closing balance	133,766,249	14,000,000		$960,820	

(a) free attaching options.

NOTE 19: JOINT VENTURES

Up until 21 May 2009, the Company had 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 2009 $	30 June 2008 $	30 June 2009 $	30 June 2008 $
Current Assets				
Cash	--	1,523	--	1,523
Net interest in joint venture	--	1,523	--	1,523

NOTE 20: 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	
	30 June 2009 $	**30 June 2008 $**
Net loss after income tax	(1,732,579)	(925,519)
Loss used in calculating basic and diluted loss per share	(1,732,579)	(925,519)
Weighted average number of ordinary shares used in calculating basic loss per share:	579,620,884	457,675,000
Weighted average number of ordinary shares used in calculating diluted loss per share:	579,620,884	457,675,000

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

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Company's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 17 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Company does not have a formal policy in place to mitigate such risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Consolidated

2009	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	--	--	--	--	1,436,817	1,436,817	4.42%
Trade and other receivables	79,826	--	--	--	--	79,826	--
	79,826	--	--	--	1,436,817	1,516,643	
Financial liabilities:							
Trade and other payables	715,717	--	--	--	--	715,717	--
Interest bearing liabilities	--	410,000	--	--	--	410,000	10.00%
	715,717	410,000	--	--	--	1,125,717	
Net financial instruments	(635,891)	(410,000)	--	--	1,436,817	390,926	

Consolidated

2008	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	--	--	--	--	1,422,613	1,422,613	7.65%
Trade and other receivables	71,756	--	--	--	--	71,756	--
Other	4,072	--	--	--	--	4,072	--
	75,828	--	--	--	1,422,613	1,498,441	
Financial liabilities:							
Trade and other payables	141,618	--	--	--	--	141,618	--
Interest bearing liabilities	--	265,000	--	--	--	265,000	12.00%
	141,618	265,000	--	--	--	406,618	
Net financial instruments	(65,790)	(265,000)	--	--	1,422,613	1,091,823	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Parent Entity

2009	Non-Interest Bearing ($)	Fixed Interest Rate Maturing: 1 Year or Less ($)	Fixed Interest Rate Maturing: Over 1 to 5 Years ($)	Fixed Interest Rate Maturing: More than 5 years ($)	Floating Interest Rate ($)	Total ($)	Weighted average interest rate
Financial assets:							
Cash and cash equivalents	--	--	--	--	1,411,595	1,411,595	4.42%
Trade and other receivables	73,380	--	--	--	--	73,380	--
	73,380	--	--	--	1,411,595	1,484,975	
Financial liabilities:							
Trade and other payables	676,494	--	--	--	--	676,494	--
Interest bearing liabilities	--	410,000	--	--	--	410,000	10.00%
	676,494	410,000	--	--	--	1,086,494	
Net financial instruments	(603,114)	(410,000)	--	--	1,411,595	398,481	

Parent Entity

2008	Non-Interest Bearing ($)	Fixed Interest Rate Maturing: 1 Year or Less ($)	Fixed Interest Rate Maturing: Over 1 to 5 Years ($)	Fixed Interest Rate Maturing: More than 5 years ($)	Floating Interest Rate ($)	Total ($)	Weighted average interest rate
Financial assets:							
Cash and cash equivalents	--	--	--	--	1,379,072	1,379,072	7.65%
Trade and other receivables	56,537	--	--	--	--	56,537	--
Other	4,072	--	--	--	--	4,072	--
	60,609	--	--	--	1,379,072	1,439,681	
Financial liabilities:							
Trade and other payables	59,949	--	--	--	--	59,949	--
Interest bearing liabilities	--	265,000	--	--	--	265,000	12.00%
	59,949	265,000	--	--	--	324,949	
Net financial instruments	660	(265,000)	--	--	1,379,072	1,114,732	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest Rate Sensitivity

Consolidated
At 30 June 2009, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been $5,009 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2009 from 3.50% to 3.85% (10% decrease : 3.15%) representing a 35 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Parent
At 30 June 2009, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been $5,009 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2009 from 3.50% to 3.85% (10% decrease : 3.15%) representing a 35 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

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 parent and consolidated entity have no significant concentrations of credit risk with any single counterparty or group of counterparties.

Commodity Price Risk

The Company is not exposed to commodity price risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated 30 June 2009 $	Consolidated 30 June 2008 $	Parent Entity 30 June 2009 $	Parent Entity 30 June 2008 $
Contracted maturities of liabilities at 30 June				
Payables				
- less than 6 months	715,717	141,618	676,494	59,949
Convertible notes				
- less than 6 months	--	265,000	--	265,000
- less than 12 months	410,000	--	410,000	--
	1,125,717	406,618	1,086,494	324,949

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk at balance date. Although foreign exchange transactions in US dollars were entered into during the year, resulting in a foreign exchange loss of $84,044, the company is unlikely to enter into any material transactions foreign exchange transactions in the next reporting period.

Reconciliation of Net Financial Assets to Net Assets

	Consolidated 30 June 2009 $	Consolidated 30 June 2008 $	Parent Entity 30 June 2009 $	Parent Entity 30 June 2008 $
Net financial assets	390,926	1,091,823	398,481	1,114,732
Shares in controlled entities	--	--	1,000	1,000
Plant and equipment	31,316	40,168	28,528	37,717
Net assets	422,242	1,131,991	428,009	1,153,449

Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. The consolidated and parent entity have no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year ended 30 June 2009, the following events have occurred:

- On 10 July 2009, the Company advised that at a duly convened General Meeting of the members of the Company, all resolutions (i.e. approval for issue of shares upon conversion of convertible notes and ratification of share issue) put to the members were passed.

- On 15 July 2009, the Company issued 73,333,332 ordinary fully paid shares at $0.003 per share due to the Company receiving conversion notices from 11 noteholders amounting to $220,000.

NOTE 23: ECONOMIC DEPENDENCY

The Company is not economically dependent upon any third parties.

NOTE 24: SEGMENT INFORMATION

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

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

NOTE 25: CONTINGENT LIABILITIES

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

NOTE 26: SHARE BASED PAYMENTS

On 21 January 2009, the following shares and options were issued to a consultant of the consolidated entity:

JP Corporate Pty Ltd
- 12,000,000 ordinary fully paid shares at $0.005 per share together with 12,000,000 free attaching options exercisable at $0.01 on or before 31 December 2010 being consideration for the conversion of a debt totalling $60,000.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 15 to 43 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 2009 and of their performance for the financial year ended on that date.

2. The directors acting in place of the Chief Executive Officer and Chief Finance Officer have 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
30th **September 2009**

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

OBJ LIMITED

Report on the Financial Report

We have audited the accompanying financial report of OBJ Limited ("the company"), which comprises the balance sheet as at 30 June 2009 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.

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.

Auditor's Responsibility

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

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

We 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

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 2009 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.

Report on the Remuneration Report

We have audited the Remuneration Report contained in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of OBJ Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 30 September 2009

T PHONG
Partner

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 8 SEPTEMBER 2009

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	208	96,624	0.01
1,001 - 5,000	192	445,475	0.05
5,001 - 10,000	74	597,778	0.07
10,001 - 100,000	471	24,644,003	2.97
100,001+	525	805,324,075	96.90
	1,470	831,107,955	100.00

The number of shareholdings held in less than marketable parcels is 847.

(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.	JEB Holdings Pty Ltd	51,011,422	6.14
2.	Robert Alexander Douglas	41,894,233	5.04
3.	Intercorp Pty Ltd	31,034,333	3.73
4.	Monarch Corporation Pty Ltd	23,366,667	2.81
5.	Anthony Wright	23,010,000	2.77
6.	TELWA Pty Ltd	22,450,000	2.70
7.	Dolphin Technology Pty Ltd	17,442,967	2.10
8.	Impact Nominees Pty Ltd	16,666,667	2.01
9.	HSBC Custody Nominees Aust. Ltd	16,290,600	1.96
10.	Shemariah Pty Ltd	15,000,000	1.80
11.	Citicorp Nominees Pty Ltd	14,280,000	1.72
12.	Nadia Naghmeh Mirkazemi	14,000,000	1.68
13.	Helperly Pty Ltd	13,639,289	1.64
14.	Farmingdale Pty Ltd	13,639,289	1.64
15.	Fongrad Pty Ltd	12,400,000	1.49
16.	JP Corporate Pty Ltd	12,000,000	1.44
17.	JP Morgan Nominees Aust. Ltd	9,895,000	1.19
18.	Sum Meng Fong	9,800,000	1.18
19.	Heather Ann Wright	9,490,000	1.14
20.	Christopher Quirk	9,490,000	1.14
		376,800,467	45.32

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)*

1. QUOTED SECURITIES *(continued)*

(a) ORDINARY FULLY PAID SHARES AS AT 8 SEPTEMBER 2009 *(continued)*

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as recorded in the Register of Members as at 8 September 2009:

	ORDINARY SHARES	
NAME	**NO.**	**%**
JEB Holdings Pty Ltd	51,011,422	6.14
Robert Alexander Douglas	41,894,233	5.04

(b) OPTIONS

As at 8 September 2009, there existed the following quoted options:

133,761,749 OPTIONS EXERCISABLE AT $0.01 EACH ON OR BEFORE 31 DECEMBER 2010

(i) DISTRIBUTION OF OPTIONHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF QUOTED OPTIONS %
1 - 1,000	7	2,930	--
1,001 - 5,000	15	43,773	0.03
5,001 - 10,000	17	117,555	0.09
10,001 - 100,000	41	1,477,274	1.11
100,001+	63	132,120,217	98.77
	143	133,761,749	100.00

(ii) TOP 20 HOLDERS OF QUOTED OPTIONS:

The names of the twenty largest optionholders are listed below:

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
1.	JP Corporate Pty Ltd	12,000,000	8.97
2.	TELWA Pty Ltd	11,000,000	8.22
3.	Topaze Enterprises Pty Ltd	10,150,000	7.59
4.	JEB Holdings Pty Ltd	8,718,000	6.52
5.	Seablue Investments Pty Ltd	8,000,000	5.98
6.	TEL WA Pty Ltd	6,000,000	4.49
7.	Glyn G H Denison	5,317,500	3.98
8.	Anthony Wright	5,310,000	3.97
9.	Jamestown Holdings Pty Ltd	5,250,000	3.92
10.	Impact Nominees Pty Ltd	5,000,000	3.74

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(b) OPTIONS *(continued)*

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
11.	Bellcarroll Pty Ltd	5,000,000	3.74
12.	Inkpoint Pty Ltd	3,000,000	2.24
13.	Goffacan Pty Ltd	3,000,000	2.24
14.	Monarch Pty Ltd	2,700,000	2.02
15.	Virtus Capital Pty Ltd	2,700,000	2.02
16.	Peter A Proksa	2,650,000	1.98
17.	Goffacan Pty Ltd	2,500,000	1.87
18.	Heather A Wright	2,190,000	1.64
19.	Christopher Quirk	2,190,000	1.64
20.	Hamelin Nominees Pty Ltd	2,000,000	1.50
		104,675,500	78.27

(iii) 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 shareholding.

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 8 September 2009, there existed the following unquoted options:

(i) 14,000,000 OPTIONS EXERCISABLE AT $0.07 EACH ON OR BEFORE 30 JUNE 2010

NAME	OPTIONS	%
Dolphin Technology Pty Ltd	2,000,000	14.28
Leearne Hinch	2,000,000	14.28
Anthony Wright	2,000,000	14.28
Kenneth Donald	2,000,000	14.29
Frazer Service Pty Ltd	2,000,000	14.29
MSR Consulting Pty Ltd	2,000,000	14.29
Gilbert Shearer	2,000,000	14.29
	14,000,000	100.00

(ii) 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.

CORPORATE GOVERNANCE STATEMENT

OBJ Limited ("the Company") is committed to implementing and maintaining hight standards of corporate governance. The primary responsibility of the Board of the Company ("the Board") is to represent and advance the Company's shareholders' ("the Shareholders") interests and to protect the interests of all stakeholders. To fulfill this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* released in 2007 ("the Recommendations") to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company's compliance with the Revised Corporate Governance Principles and Recommendations is summarised in the table below:

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1		✓	Recommendation 4.3		✓
Recommendation 1.2		✓	Recommendation 4.4		✓
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2	✓	
Recommendation 2.2	✓		Recommendation 6.1		✓
Recommendation 2.3		✓	Recommendation 6.2		✓
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6	✓		Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4	✓	
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 4.1		✓	Recommendation 8.3		✓
Recommendation 4.2		✓			

[1] Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.
[2] Indicates where the Company has provided a "if not, why not" disclosure below.

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Corporate Governance Principles and Recommendations by ASX Markets Supervision ("ASXMS"), the Company has provided additional disclosure for each of the 27 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

The "if not, why not" disclosure of the Company is summarised in the table below:

CORPORATE GOVERNANCE STATEMENT *(continued)*

Recommendation	Explanation of Departure from Recommendation
1.1, 1.2	The Company has not appointed any senior executives (excluding the Company Secretary). Therefore, full disclosure of the functions delegated to senior executives, and the evaluation of executives' performance under Recommendation 1.1 1.2 is not required.
2.3	The Company has not appointed a Chief Executive Officer ("the CEO"). Therefore, disclosure under Recommendation 2.3 is not required.
2.4	Owing to the size and composition of the Board, it is not appropriate to establish an independent nomination committee, or to establish a formal nomination policy.
4.1, 4.2, 4.3, 4,4	Owing to the size and composition of the Board, it is not appropriate to establish an independent audit committee, or to establish a formal audit policy.
5,1, 5,2	Owing to the size and composition of the Board, it is not appropriate to establish formal policies for the oversight and promotion of timely and balanced disclosure in accordance with the Corporations Act and ASX Listing Rules.
6.1, 6.2	Owing to the size and composition of the Board, it is not appropriate to establish a formal policy to promote effective communication with shareholders and encourage their participation at meetings.
8.1, 8.2, 8.3	Owing to the size and composition of the Board, it is not appropriate to establish an independent remuneration committee. Details of the Company's remuneration policy are set out in the Remuneration Report in the Directors' Report.

It is noted that as the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company ("the Directors") are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.1. Role of Board *(continued)*

- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary's performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the Company Secretary and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

The role of Chief Operations Officer was previously carried out by Leearne M Hinch, who retired from office on 6 February 2009.

As at the date of this Annual Report, the Company has not employed any senior executives; therefore, disclosure under Recommendations 1.2 and 1.3 is not required.

1.2. Terms of Office of Directors

The constitution of the Company ("the Constitution") specifies that one third of the Directors, excluding the Managing Director, shall rotate on an annual basis. It is noted that, as at the date of this Annual Report, the Company has not appointed a Managing Director.

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

Name	Position	Independent	Expertise
Mr Glyn Gregory Horne Denison	Non-executive Director	Yes	Refer to Director's Report
Dr Christopher John Quick	Non-executive Director	Yes	Refer to Director's Report
Mr Jeffrey David Edwards	Executive Director	No	Refer to Director's Report

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.3. Composition of the Board and Independence *(continued)*

It is noted that Dr Gilbert Shearer and Dr Kenneth Donald both resigned from the Board as non-executive Directors on 16 September 2008.

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.1. Dr Christopher Quick is considered to be independent, notwithstanding his 2.4% shareholding in the Company. Mr Glyn Denison is also considered to be independent, notwithstanding his contractual relationship with the Company to act as a business consultant for the Company one day per week. Mr Jeffrey Edwards is not considered to be independent, owing to the nature of his relationship with the Company.

As at the date of this Annual Report, the Company has not appointed a Chair or CEO. However, in the spirit of Recommendations 2.2 and 2.3, the role of the Chair is elected at each Board meeting, rotating between the two independent non-executive Directors ("the Chairman").

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises three (3) Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

1.4. Monitoring of Board Performance

In accordance with Recommendation 2.5, the Directors' performance is reviewed by the Chairman of the Board meeting (as elected) on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chairman's performance is reviewed by the remaining two Board members on an ongoing basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

1.5. Independent Professional Advice

Each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek independent professional advice at the Company's expense. However, prior approval of the Chairman (as elected) is required, which will not be unreasonably withheld.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.6. CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards who is primarily responsible for financial matters in relation to the Company.

In lieu of the CEO and CFO's attestations, Mr Jeffrey David Edwards certifies to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

2. BOARD COMMITTEES

2.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee in accordance with Recommendation 2.4.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for a nomination committee pursuant to Recommendation 2.4.

The Board does not have a separate charter for its nomination and succession planning functions; however, the responsibilities of the Board ordinarily include the nomination functions described in section 1.3 of this Corporate Governance Statement.

2.2. Audit Committee

Owing to its size and composition, the Company has not established a separate audit committee in accordance with Recommendation 4.1.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum number recommended for an audit committee pursuant to Recommendation 4.2.

The majority of the Board is independent and all Directors are financially literate. The Company Secretary holds financial qualifications. The Directors and Company Secretary have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial reports.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Board does not have a separate charter for its audit functions; however, the responsibilities of the Board (as set out in section 1.1 of this Corporate Governance Statement) ordinarily include:

CORPORATE GOVERNANCE STATEMENT *(continued)*

2.2 Audit Committee *(continued)*

- Reviewing internal controls and recommending enhancements;
- Monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company; and
- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Board reviews the performance of the external auditors on an annual basis and nomination of auditors is as the discretion of the Board.

2.3. Remuneration Committee

Owing to its size and composition, the Company has not established a separate remuneration committee in accordance with Recommendation 8.1.

The Board considers that the responsibility for the selection and appointment of Directors can be adequately discharged by the Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for an audit committee pursuant to Recommendation 8.1.

The Board does not have a separate charter for its remuneration functions; however, the Board is vested with the responsibility to review remuneration packages and policies (including remuneration, incentives, termination policies, and superannuation arrangements) applicable to each of the Directors and the Company Secretary. Remuneration levels are competitively set to attract the most qualified and experienced Directors for the benefit of the Company and Shareholders. The Board obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for executive Directors and the Company Secretary, the Board's objectives are to:

- Motivate executive Directors and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- Demonstrate a clear correlation between key performance and remuneration; and
- Align the interests of key leadership with the long-term interests of the Company's shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for non-executive Directors. The maximum aggregate remuneration approved for non-executive Directors is currently set at $250,000 per annum. Non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements and are not entitled to participate in equity-based remuneration schemes of the Company.

2.3 Remuneration Committee *(continued)*

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors in the current period, is set out in the Remuneration Report, which is contained within the Directors' Report.

3. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors, the Company Secretary and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors, the Company Secretary and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors, the Company Secretary and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

4. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by Recommendation 3.2 entitled *Guidelines for Dealing in Securities*. This policy applies to Directors, the Company Secretary employees and contractors of the Company, and is available from the Company on request.

In addition, directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors, the Company Secretary and employees from dealing in shares of the Company whilst in possession of price sensitive information.

5. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Continuous Disclosure and Information Policy as suggested in Recommendation 5.1, which is available from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;
- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and

5. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION *(continued)*

- The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. The Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

The Board has not adopted any additional codes of conduct or communications policies to promote effective communication with shareholders and encourage their participation at general meetings in accordance with Recommendation 6. This is because the Board considers, in the context of the size and nature of the Company, that a communications policy would not improve the effective exercise of the Shareholders' rights at general meetings.

Nevertheless, the Company informally adopts several of the suggestions in Recommendation 6, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

7. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk, as recommended by Recommendation 7.1. This risk management policy is available from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

CORPORATE GOVERNANCE STATEMENT *(continued)*

7. RECOGNISE AND MANAGE RISK *(continued)*

As the Company has not appointed a CEO (or equivalent) or CFO (or equivalent), an assurance under s295A of the Corporations Act has been made by Mr Jeffrey David Edwards, who performs the function of the CEO for this purpose.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Notes to the Financial Statements in the Annual Report.