30 September 2010

ANNUAL REPORT 2010

A corrected version of the 2010 Annual Report is attached which displays more clearly the captions of various graphics on pages 4, 5 and 6.

JEFFREY EDWARDS
Director

ABN 72 056 482 636
284 Oxford Street, Leederville 6007 Perth, Western Australia
Telephone +61 8 9443 3011 Facsimile +61 8 9443 2859 www.obj.com.au

OBJ LIMITED

(ABN 72 056 482 636)

2010 ANNUAL REPORT

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:
056 482 636

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

SECRETARY:
John Joseph Palermo
Level 1
284 Oxford Street
LEEDERVILLE WESTERN AUSTRALIA 6007

REGISTERED OFFICE:
Level 1
284 Oxford Street
LEEDERVILLE WESTERN AUSTRALIA 6007

Telephone: +61 8 9443 3011
Facsimile: +61 8 9443 2859

SHARE REGISTER:
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WESTERN AUSTRALIA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

AUDITORS:
RSM Bird Cameron Partners
8 St Georges Terrace
PERTH WESTERN AUSTRALIA 6000

Telephone: +61 8 9261 9100
Facsimile: +61 8 9261 9101

ASX CODE:
OBJ

HOME EXCHANGE:
Australian Securities Exchange Limited
2 The Esplanade
PERTH WESTERN AUSTRALIA 6000

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LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board I am pleased to present the Company's Annual Report and the results for the year ended 30 June 2010.

The Company's activities during the reporting period related principally to the design and development of a platform of high-performance magnetic enhanced drug delivery technologies.

The past year has been one of advancement of the Company's technologies and broadening of our market-base to include consumer healthcare applications. We are encouraged by the strong interest from our targeted partners across all market sectors as the Company moves steadily forward to realising its potential for product development.

In February 2010, the Company announced a Letter of Intent from one of the world's leading FMCG companies to evaluate OBJ's technologies across multiple product platforms. Also in February 2010, GlaxoSmithKline extended its research program and the success achieved led to a further expansion of the program.

During the year, the Company confirmed the appointment of Dr Kevin Hammond as International Partnering Manager to manage the expansion of the Company's partnering activities.

The year closed with the Company announcing the launch of new Field-in-Motion (FIM) technology, designed to utilise consumer motion for enhanced ingredient delivery, which has continued to be the focus following significant interest from international partners.

The Company has successfully managed its growth, expansion and increased activity in all sectors and emerged as a stronger, better resourced, better skilled and better equipped unit ready to meet the demands and needs of its global partners.

I would like to take this opportunity to thank you for supporting the Company throughout the year. 2010 established the base from which we expect on-going potential development programs being initiated with our partner companies.

Glyn Denison
Director

REVIEW OF OPERATIONS

The year under review has been one of growth for the Company as it expanded its partnering activities, technology and product platforms and internal resources.

The Company’s principal activity remains the design and development of a platform of high-performance magnetic enhanced drug delivery technologies for use in Pharmaceutical, Cosmetic, Consumer Healthcare, Homecare and Industrial applications. The Company’s business strategy has focused on leveraging product development and licensing opportunities with major international partners and through self-sponsored product development programs.

All these programs were significantly expanded during the period resulting in more partner collaborations, a broader technology base and expanding marketing and research teams.

By the end of the first quarter of the reporting period, the Company had announced a number of key accomplishments. These included the completion of the partner-sponsored advanced feasibility program by AzoPharma (USA) and the achievement of key expectations of a major global FMCG group.

During the period, results of *in vivo* skin hydration and tooth whitening research were released with both programs resulting in ongoing discussions with major international brand leaders.

In the second quarter, the Company announced the collaborative research with 3M which continues and the publication of the key scientific research on the Company's technology by the prestigious Journal of Pharmaceutical Science.

GlaxoSmithKline extended its research program and the success achieved led to a further expansion of that program.

During the same period, the Company announced the appointment of Dr Kevin Hammond as International Partnering Manager to manage the expansion of the Company's partnering activities.

During the fourth quarter, the Company announced the launch of the new Field-in-Motion (FIM) technology, designed to utilise consumer motion for enhanced ingredient delivery, which has continued to be the focus following significant interest from international partners.

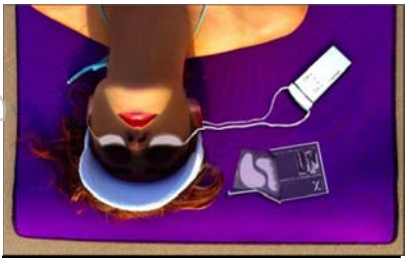
OBJ recently advised that it has entered into a Letter of Intent with one of the world’s largest consumer healthcare companies for the evaluation of OBJ technologies across multiple product categories.

BUSINESS FOCUS

OBJ Limited is a developer of magnetic micro-array enhanced drug delivery, diffusion enhancement and permeation technologies. Its business is focused on working with the leading brands in the Pharmaceutical, Cosmetic, Skin care, Oral health, Consumer healthcare, Homecare and Surface hygiene sectors.

REVIEW OF OPERATIONS *(continued)*

OBJ partners with leading companies in the design and development of next generation products using physical science rather than chemistry to provide new levels of product performance without the cost of reformulation or new ingredient approvals.



Switching from one cosmetic agent to another is a task well suited to Dermaportation

OBJ provides partnering and design expertise in:

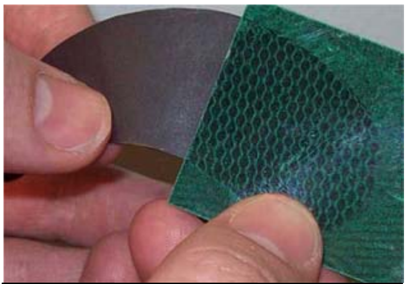
- Transdermal Drug Delivery
- Cosmetic and Therapeutic Skincare
- Oral Health, Hair care and Deo-actives
- High Penetration Surface Care and Hygiene

OBJ has a portfolio of proprietary and filed patented technologies and supports partners by providing IP protected market exclusivity, expertise in magnetic array design, feasibility, efficacy and engineering and production expertise.

TECHNOLOGY PLATFORMS

OBJ currently offers three separate technology implementations to suit a broad range of medical, commercial and consumer needs.

eM-patch is a film based micro-array technology ideal for patches, masks, dressings and other topical applications. The magnetic micro-array film replaces the traditional plastic backing layer imparting new levels of product performance with minimal cost impact.



Complex 3D magnetic fields underlie the complexity of the eM-patch technology

Field in Motion (FIM) is a magnetic array for use in brushes, applicators and devices that are moved by the consumer as part of normal consumer behaviour. The moving magnetic fields generate energy which is redirected to enhance product performance.

Well suited to brushes, scrubs, wipes, applicators and various consumer manipulation devices.

Dermaportation is a precision delivery system for repeat or multi-formulation delivery applications. This is well suited to many professional and homecare applications where the repeat delivery of consumables or the targeted delivery of actives is beneficial.

Field-in Motion captures and redirects consumer energy

SCIENCE BEHIND THE TECHNOLOGY

Complex three-dimensional and moving magnetic fields have the ability to repulse certain molecules to enhance diffusion and alter the permeability of certain biological and non-biological targets.

OBJ develops a low-cost micro-array film technology that utilises:

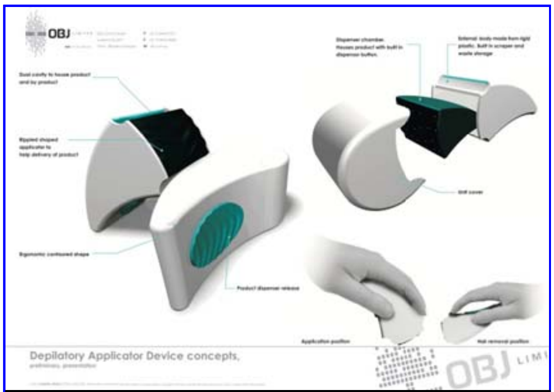
REVIEW OF OPERATIONS *(continued)*

- **Diamagnetic Repulsion** to control the rate, depth of penetration and delivery pathway of active ingredients during diffusion and partitioning;
- **Induced Charge Permeation** to manage permeability, to focus the delivery of ingredients and to target delivery at specific locations; and
- **Energy Redirection** to capture the motion of normal consumer behaviour and to redirect that energy for enhanced delivery of target active ingredients.

TECHNOLOGY VALIDATION AND INTERNATIONAL RECOGNITION

OBJ's technologies continue to be validated by academic, commercial partners and leading CRO's in Australia, USA, UK and Europe.

While OBJ remains at the forefront of technology innovation in drug delivery and the utilisation of those technologies in pharmaceutical as well as consumer products, it continues to build scientific credibility with both partners and the wider scientific community.



Innovative technology leads to innovative new product possibilities

In addition, the Company has continued to expand its understanding of magnetic fields and molecular interactions and by the close of the reporting period had added to the wide range of commercially significant studies completed.

PEER REVIEWED PUBLICATIONS

During the reporting period, the Company's work was published in two of the world's leading peer review scientific journals and is now being referenced by others autogiros.

Journal of Pharmaceutical Sciences 2009
Krishnan G., Edwards J., Chen, Y., Benson H.A.E.
Enhanced Transdermal Delivery of Naltrexone by Pulsed Electromagnetic Fields in Human Skin In Vitro.

Journal of Pharmacy and Pharmacology 2009 Special Issue
Benson H., Krishnan G., Liew Y., Wallace V.P., Edwards J.
Enhanced skin permeation and hydration by magnetic field array: preliminary in vitro and in vivo assessment.

REVIEW OF OPERATIONS *(continued)*

BUSINESS DEVELOPMENT AND PARTNERING

OBJ technology allows new concepts to revitalise old products

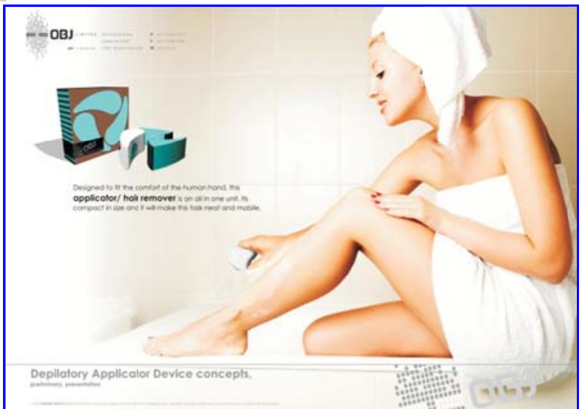
As the breadth of the applications for magnetic microarray technology has become more apparent, the Company's partnering activities have evolved with the aim of delivering short, medium and longer term commercial results. Recent activity has focused on the low cost ETP and the newer Field-in-Motion (FIM) technologies, although Dermaportation remains the preferred technology for precision and professional applications that require repeated delivery applications.

In parallel with the expanded technology portfolio, the Company also underwent an expansion of its Business Development and Partnering programs with the appointment of Dr Kevin Hammond as International Partnering Manager. Dr Hammond has over 30 years of experience with some of the world's leading pharmaceutical, FMCG and cosmetic companies where he was responsible for managing the partnering, licensing and new product innovations for companies such as Reckitt Benckiser, Unilever, PZ Cussons, CB Fleet (US) and GSK. Dr Hammond is based in the UK and manages OBJ's European base for partnering, evaluation and product development activities.

3M remains a major collaborator with OBJ, and in addition to offering key fabrication expertise they remain alongside OBJ in exploring potential large opportunities for magnetic array applications.

The potential Personal Care applications for magnetic arrays has received substantial interest from several FMCG and cosmetic companies, particularly due to the potential to deliver existing cosmetic active ingredients more effectively. Applications in Skin Care have prompted much attention, but interest has now extended to Hair Care, Deodorants, Depilatories, Cosmetic Oral Care, and even Colour Cosmetics. This interest has benefitted in part from the significant growth in devices and applicators entering the Personal Care market.

RESEARCH



OBJ works with partner in the development next generation products

The goals of the Company's internal scientific and laboratory programs for the period have been to support client sponsored feasibility and testing programs, to enhance understanding of the scope and commercial potential of our technology platforms and to develop new product-focused platforms that build upon the Company's magnetic micro-array and Dermaportation platforms.

This has required an expansion of our laboratory capabilities and staffing, and during the period the Company recruited Dr Matt McIldowie as the Company's Research Manager.

REVIEW OF OPERATIONS *(continued)*

Dr McIldowie is responsible for partnering programs at the technical and study level. Dr McIldowie holds a PhD in chemistry and has many years of experience in diverse fields such as medicinal/pharmaceutical chemistry, biological chemistry, industrial processes and materials.

Intellectual Property

Over the reporting period, the Company has expanded its Intellectual Property and Patent portfolios with the lodgement of seven new "Field of Use" patent applications covering the commercial areas of interest to OBJ's partner companies and the progression of its foundation patents through to examination in both the USA and Europe. These IP programs are designed to provide broad exclusivity across key markets and to allow efficient and effective licensing across key market sectors.

DIRECTORS' REPORT

The directors present their report on the results of OBJ Limited and its controlled entities for the year ended 30 June 2010.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year ended 30 June 2010 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 $954,931 (2009: $1,732,579).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2010.

The Board has not made a recommendation to pay dividends for the period to 30 June 2010.

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

There have been no significant changes in the state of affairs of the Company.

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.

DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS

Mr Jeffrey Edwards

Jeffrey Edwards has over 20 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.

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)

Dr Christopher Quirk

Christopher Quirk is an Australian dermatologist who has been a teaching hospital consultant for 26 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 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)

COMPANY SECRETARY

Mr John J Palermo B.Bus. CA, ACIS

Mr Palermo is a Chartered Accountant with 14 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' REPORT *(continued)*

DIRECTORS' MEETINGS

During the financial year ended 30 June 2010, the Company held 67 directors' meetings, including directors' 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	4	4	63
Mr G G H Denison	4	4	63
Dr C J Quirk	4	4	63

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.

EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2010, the following events have occurred:

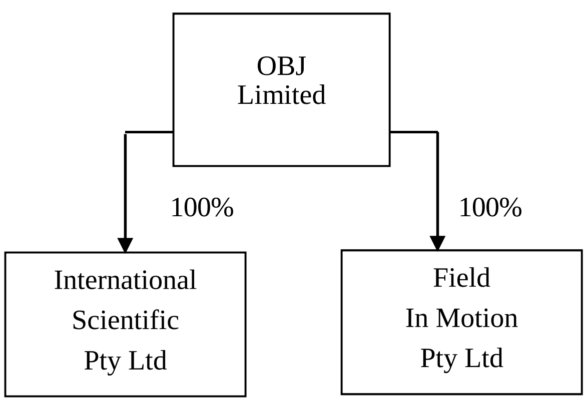
- On 6 July 2010, 500,000 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 9 July 2010, 105,556 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 20 July 2010, 552,948 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 30 July 2010, 1,166,112 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 6 August 2010, 1,810,806 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 20 August 2010, 826,391 ordinary fully paid shares were issued at $0.01 being conversion of options.

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



DIRECTORS' REPORT *(continued)*

SHARE OPTIONS

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

Listed Options

140,222,030 options remain on issue, exercisable at $0.01 on or before 31 December 2010.

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

REMUNERATION REPORT

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

Remuneration policy

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 $18,400 per calendar month, paid monthly in arrears for consulting fees.

Remuneration of Non Executive Directors

Glyn Denison is paid $25,000 per annum plus $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.

Remuneration of Senior Executive

Dr Kevin Hammond is paid £9,000 per month for his services as an International Partnering Manager.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of Directors and Executives (audited)

	Primary Salary & Fees ($)	Cash Bonus ($)	Non-Monetary ($)	Post Employment Superann-uation ($)	Post Employment Retirement Benefits ($)	Equity Options ($)	Other Benefits ($)	TOTAL ($)
Parent Entity Directors and Executives								
Edwards, J D: Director (executive)								
2010	206,300	30,000	--	--	--	--	--	236,300
2009	225,000	--	--	--	--	--	5,250	230,250
Denison, G G H: Director (non-executive)								
2010	122,492	--	--	25,000	--	--	--	147,492
2009	80,000	--	--	25,000	--	--	--	105,000
Quirk, C J: Director (non-executive)								
2010	25,000	--	--	--	--	--	--	25,000
2009	50,909	--	--	--	--	--	--	50,909
Hammond, K: Senior Executive (i)								
2010	57,480	--	--	--	--	7,500	868	65,848
2009	--	--	--	--	--	--	--	--
Total								
2010	411,272	30,000	--	25,000	--	7,500	868	474,640
2009	355,909	--	--	25,000	--	--	5,250	386,159

(i) Appointed 16 March 2010

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

DIRECTORS' REPORT *(continued)*

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of OBJ Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained in the annual report.

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 14. 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 2010

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of OBJ Limited for the year ended 30 June 2010, 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

Perth, WA
Dated: 30 September 2010

TUTU PHONG
Partner

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Revenue	**2**	961,683	518,134
Borrowing costs	**3(a)**	(19,921)	(9,292)
Depreciation expenses	**3(a)**	(8,676)	(12,105)
Administration fees and administration benefits expenses	**3(b)**	(276,965)	(189,016)
Auditor’s remuneration	**3(b)**	(23,500)	(22,250)
Consultants and consultants benefits expenses	**3(b)**	(655,684)	(860,120)
Diminution in value of loans and investments	**3(b)**	--	(20,000)
Directors’ and employees benefits expenses	**3(b)**	(504,510)	(757,419)
Insurance	**3(b)**	(18,854)	(20,587)
Legal costs	**3(b)**	(3,659)	(62,271)
Occupancy expenses	**3(b)**	(50,534)	(71,747)
Patent fees	**3(b)**	(67,634)	(22,814)
Share of joint venture expenses	**3(b)**	--	(104)
Travel and accommodation	**3(b)**	(115,136)	(41,312)
Other expenses	**3(b)**	(171,541)	(161,676)
Loss before income tax		(954,931)	(1,732,579)
Income tax	**4**	--	--
Loss for the period		(954,931)	(1,732,579)
Other comprehensive income		--	--
Total comprehensive loss for the period		(954,931)	(1,732,579)
Loss attributable to:			
Members of the parent entity		(954,931)	(1,732,579)
		Cents	**Cents**
Basic and diluted loss per share (cents per share)	**17**	(0.1)	(0.3)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Current Assets			
Cash and cash equivalents	**5**	5,326,997	1,436,817
Trade and other receivables	**6**	193,653	79,826
Total Current Assets		5,520,650	1,516,643
Non-Current Assets			
Plant and equipment	**7**	33,895	31,316
Total Non-Current Assets		33,895	31,316
Total Assets		5,554,545	1,547,959
Current Liabilities			
Trade and other payables	**8**	319,768	715,717
Interest bearing liabilities	**9**	190,000	410,000
Total Current Liabilities		509,768	1,125,717
Total Liabilities		509,768	1,125,717
Net Assets		5,044,777	422,242
Equity			
Issued capital	**15**	19,798,559	14,511,593
Reserves	**16**	1,251,320	960,820
Accumulated losses		(16,005,102)	(15,050,171)
Total Equity		5,044,777	422,242

The above statement of financial position
should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Issued Capital	Option Reserves	Accumulated Losses	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2008	13,488,763	960,820	(13,317,592)	1,131,991
Total comprehensive loss for the period	--	--	(1,732,579)	(1,732,579)
Shares issued during the year	1,303,831	--	--	1,303,831
Transaction costs	(281,001)	--	--	(281,001)
Balance at 30 June 2009	14,511,593	960,820	(15,050,171)	422,242
Balance at 1 July 2009	14,511,593	960,820	(15,050,171)	422,242
Total comprehensive loss for the period	--	--	(954,931)	(954,931)
Shares issued during the year	5,639,188	--	--	5,639,188
Options issued during the year	--	292,000	--	292,000
Transaction costs	(352,222)	(1,500)	--	(353,722)
Balance at 30 June 2010	19,798,559	1,251,320	(16,005,102)	5,044,777

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Cash flows from operating activities			
Receipts from customers		429,858	838,980
Payments to suppliers and employees		(1,595,281)	(1,876,840)
Interest received		35,845	57,790
Borrowing costs		(19,921)	(6,259)
Net cash used in operating activities	**11**	(1,149,499)	(986,329)
Cash flows from investing activities			
Payment for plant and equipment		(13,466)	(3,253)
Proceeds from sale of plant and equipment		600	--
Payment for investment		--	(20,000)
Net cash used in investing activities		(12,866)	(23,253)
Cash flows from financing activities			
Proceeds from issues of shares and options		5,419,188	918,831
Transaction costs from issue of shares and options		(353,722)	(221,001)
Proceeds from borrowings		--	410,000
Net cash provided by financing activities		5,065,466	1,107,830
Net increase in cash and cash equivalents held		3,903,101	98,248
Cash and cash equivalents at the beginning of the financial year		1,436,817	1,422,613
Effect of exchange rate changes on cash holdings		(12,921)	(84,044)
Cash and cash equivalents at the end of the financial year	**5**	5,326,997	1,436,817

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements for OBJ Limited as the parent entity are no longer presented as a consequence of changes to the Corporations Act 2001, however required financial information for OBJ Limited as the parent entity is included in Note 24.

Basis of Preparation

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 2010.

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.

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

(b) Adoption of New and Revised Accounting Standards

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(i) Presentation of Financial Statements

The Company has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 January 2009. The revision of this standard now requires the Company to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The Company has presented the statement of comprehensive income and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised AASB 101.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

(b) Adoption of New and Revised Accounting Standards *(continued)*

(ii) Segment Reporting

The Company has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Company to allocate resources and assess performance. In the case of the Company, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

(iii) Business Combinations and Consolidation Procedures

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the Company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

(c) 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 2010 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.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(d) 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 statement of financial position 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 statement of comprehensive income 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.

(e) Plant and Equipment

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

Plant and equipment

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on 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%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(e) Plant and Equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income.

(f) 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 statement of comprehensive income.

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.

(g) Financial Instruments

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

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

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

(h) 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 statement of comprehensive income and statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(i) 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.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, 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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(m) 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).

(n) 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 statement of financial position are shown inclusive of GST.

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

(o) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(p) Share-Based Payment Transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

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

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 2010

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

(q) 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.

(r) Issued Capital

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.

(s) 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 statement of comprehensive income.

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 statement of comprehensive income.

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 2010

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

(s) 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 statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(t) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting 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 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:
  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of those investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
  - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
    (a) the objective of the entity's business model for managing the financial assets; and
    (b) the characteristics of the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(t) New Accounting Standards for Application in Future Periods *(continued)*

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for accounting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. The amendments are not expected to impact the Company.

- AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

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

(t) New Accounting Standards for Application in Future Periods *(continued)*

- AASB 2009-12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also reflects AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purpose of certain operating segment disclosures. These amendments are not expected to impact the Company.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of Minimum Funding Requirements [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the Company.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (application for annual reporting periods commencing on or after 1 July 2010).

  This interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

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.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 2: REVENUE	Consolidated 30 June 2010 $	30 June 2009 $
Export market development grant	23,315	61,704
Research and development collaboration revenue and tax offsets	774,408	406,340
Interest received	160,889	50,090
Recoveries	3,071	--
Total revenues	961,683	518,134

NOTE 3: EXPENSES

(a) Expenses

Depreciation of plant and equipment	8,676	12,105
Borrowing costs - Interest expense	19,921	9,292

(b) Significant items

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

Administration fees and administration benefits expenses	276,965	189,016
Auditor's remuneration	23,500	22,250
Consultants and consultants benefits expenses	655,684	860,120
Diminution in value of loans and investments	--	20,000
Directors' and employees' benefits expenses	504,510	757,419
Insurances	18,854	20,587
Legal costs	3,659	62,271
Occupancy expenses	50,534	71,747
Patent fees	67,634	22,814
Share of joint venture expenses	--	104
Travel and accommodation	115,136	41,312
Other expenses	171,541	161,676
	1,888,017	2,229,316

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 4: INCOME TAX

	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax	(954,931)	(1,732,579)
Income tax calculated at 30%	(286,479)	(519,774)
Tax effect of non deductible expenses		
- Non allowable expenditure and provisions	(11,893)	26,945
Under provision of tax for prior periods	149,267	200,032
Tax effect of current period losses not recognised as deferred tax assets	137,212	292,797
Income tax expenses	--	--
The following deferred tax assets have not been brought to account as assets:		
Tax losses available at 30% tax rate	1,278,371	1,141,159
Tax losses available	4,261,237	3,803,863

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 2010

	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	1,705	1,668
Cash at bank	305,292	435,149
Cash on deposit	5,020,000	1,000,000
	5,326,997	1,436,817
NOTE 6: TRADE AND OTHER RECEIVABLES		
Prepayments	17,878	17,206
Accrued income	128,825	3,781
GST refundable	46,950	58,839
	193,653	79,826
NOTE 7: PLANT AND EQUIPMENT		
Plant and equipment at cost	94,887	89,460
Accumulated depreciation	(60,992)	(58,144)
Total plant and equipment	33,895	31,316
Reconciliation of the carrying amount of plant and equipment is set out below:		
Carrying amount at the beginning of year	31,316	40,168
Additions	13,466	3,253
Proceeds from sale of plant and equipment	(600)	--
Loss on disposal of plant and equipment	(1,611)	--
Depreciation expense	(8,676)	(12,105)
Carrying amount at the end of year	33,895	31,316

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
NOTE 8: TRADE AND OTHER PAYABLES		
Other creditors and accruals	319,768	715,717
NOTE 9: INTEREST BEARING LIABILITIES		
Convertible notes – unsecured	190,000	410,000

Convertible note terms:

Issue Date	Amount $	Interest Rate	Convertible On or Before
4 June 2009	190,000	10% per annum	4 June 2011 [(i)]

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

(i) The convertible notes issued on 4 June 2009 were not converted on 4 June 2010, as they were extended for a further 12 months on the same terms and conditions.

NOTE 10: CAPITAL AND LEASE COMMITMENTS

(a) Capital Expenditure commitments

There were no capital expenditure commitments as at 30 June 2010.

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2010.

(c) Operating lease commitments

There were no operating lease commitments as at 30 June 2010 as the Company pays rent on a month-by-month basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 11: CASH FLOW INFORMATION

	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Reconciliation of net cash and cash equivalents used in operating activities to loss for the period:		
Loss for the period	(954,931)	(1,732,579)
Depreciation	8,676	12,105
Equity settled share based payment	292,000	385,000
Conversion of debt to equity	--	(325,000)
Diminution in value of loans and investments	--	20,000
Net loss on disposal of plant and equipment	1,611	--
Foreign exchange movements	12,921	84,044
Movements in assets and liabilities:		
Trade and other receivables	(113,827)	(8,070)
Trade and other payables	(395,949)	578,171
Net cash used in operating activities	(1,149,499)	(986,329)

NOTE 12: KEY MANAGEMENT PERSONNEL

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

Mr Jeffrey David Edwards	Director – Executive
Mr Glyn Gregory Horne Denison	Director – Non-Executive
Dr Christopher John Quirk	Director – Non-Executive
Dr Kevin Hammond	Senior Executive

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to the Company's key management personnel for the year ended 30 June 2010.

The totals of remuneration paid to key management personnel of the Company and Consolidated Entity during the year are as follows:

	30 June 2010 $	30 June 2009 $
Short term employee benefits	441,272	355,909
Post employment benefits	25,000	25,000
Share based payments	7,500	--
Other benefits	868	5,250
	474,640	368,159

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 12: KEY MANAGEMENT PERSONNEL *(continued)*

Options and Rights Holdings

2010	Balance 01/07/09 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/10 (No. Options)	Total Vested 30/06/10 (No. Options)	Total Exercisable (No. Options)
J D Edwards	9,408,000	--	(11,579,746)	3,027,859	856,113	856,113	856,113
G G H Denison	5,317,500	--	(4,000,000)	669,029	1,986,529	1,986,529	1,986,529
C J Quirk	6,980,000	--	(6,980,000)	1,004,445	1,004,445	1,004,445	1,004,445
K Hammond	--	500,000	--	--	500,000	500,000	500,000
Total	21,705,500	500,000	(22,559,746)	4,701,333	4,347,087	4,347,087	4,347,087

2009	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)
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

2010	Balance 01/07/09 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/10 (No. of Shares)
J D Edwards	54,008,500	--	11,579,746	(22,754,601)	42,833,645
G G H Denison	8,042,500	--	4,000,000	1,338,056	13,380,556
C J Quirk	23,980,000	--	6,980,000	(8,871,110)	22,088,890
K Hammond	--	--	--	--	--
Total	86,031,000	--	22,559,746	(30,287,655)	78,303,091

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 12: KEY MANAGEMENT PERSONNEL *(continued)*

Share Holdings

2009	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)
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 and consultants' fees which have been disclosed in the Remuneration Report.

NOTE 13: 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		Book Value of Shares held by Parent Entity	
		2010 $	2009 $	2010 $	2009 $
International Scientific Pty Ltd	AUS	100%	100%	--	--
Field In Motion Pty Ltd	AUS	100%	100%	1,000	1,000
				1,000	1,000

NOTE 14: AUDITORS' REMUNERATION

	Consolidated 30 June 2010 $	Consolidated 30 June 2010 $
Amounts paid or due and payable to the auditors for:		
Audit and review services – RSM Bird Cameron Partners	23,500	22,250

NOTE 15: ISSUED CAPITAL

(a) Issued Capital

1,123,270,688 fully paid ordinary shares (2009: 757,774,623)	19,798,559	14,511,593

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15: ISSUED CAPITAL *(continued)*

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

Date	Details	Number of Shares	Issue Price	$
01/07/2009	Opening balance	757,774,623	--	14,511,593
15/07/2009	Debt conversion of convertible notes	73,333,332	$0.003	220,000
30/10/2009	Conversion of options	3,390,000	$0.01	33,900
03/11/2009	Conversion of options	12,390,000	$0.01	123,900
06/11/2009	Conversion of options	12,313,579	$0.01	123,136
15/12/2009	Conversion of options	19,878,416	$0.01	198,784
16/12/2009	Share placement	84,999,998	$0.023	1,955,000
23/12/2009	Conversion of options	3,354,500	$0.01	33,545
30/12/2009	Conversion of options	3,763,830	$0.01	37,638
08/01/2010	Conversion of options	43,000	$0.01	430
01/02/2010	Rights issue prospectus	107,119,994	$0.023	2,463,760
17/02/2010	Conversion of options	1,478,506	$0.01	14,785
24/02/2010	Conversion of options	63,474	$0.01	635
01/03/2010	Conversion of options	7,312,955	$0.01	73,130
12/03/2010	Conversion of options	5,168,391	$0.01	51,684
16/03/2010	Conversion of options	5,690,641	$0.01	56,906
19/03/2010	Conversion of options	2,607,947	$0.01	26,079
26/03/2010	Conversion of options	4,435,436	$0.01	44,354
06/04/2010	Conversion of options	3,109,570	$0.01	31,096
16/04/2010	Conversion of options	998,367	$0.01	9,984
23/04/2010	Conversion of options	819,321	$0.01	8,193
30/04/2010	Conversion of options	5,200,000	$0.01	52,000
07/05/2010	Conversion of options	4,222,222	$0.01	42,222
20/05/2010	Conversion of options	2,311,654	$0.01	23,117
27/05/2010	Conversion of options	791,875	$0.01	7,919
16/06/2010	Conversion of options	331,000	$0.01	3,310
23/06/2010	Conversion of options	368,057	$0.01	3,681
	Less: transaction costs arising on share issues	--	--	(352,222)
30/06/2010	Closing balance	1,123,270,688		19,798,559

(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 2010 and no dividends are expected to be paid in 2011.

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 2010

NOTE 16: RESERVES

	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Option reserve	1,251,320	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	Fair Value of Options Issued	Exercise Price	Expiry Date
01/07/2009	Opening balance	133,766,249	14,000,000	$960,820	--	--
30/10/2009	Option conversions	(3,390,000)	--	--	$0.01	31/12/2010
03/11/2009	Option conversions	(12,390,000)	--	--	$0.01	31/12/2010
06/11/2009	Option conversions	(12,313,579)	--	--	$0.01	31/12/2010
15/12/2009	Option conversions	(19,878,416)	--	--	$0.01	31/12/2010
16/12/2009	Share placement (a)	42,499,999	--	--	$0.01	31/12/2010
16/12/2009	Share based payments (b)	6,500,000	--	$117,000	$0.01	31/12/2010
23/12/2009	Option conversions	(3,354,500)	--	--	$0.01	31/12/2010
30/12/2009	Option conversions	(3,763,830)	--	--	$0.01	31/12/2010
08/01/2010	Option conversions	(43,000)	--	--	$0.01	31/12/2010
01/02/2010	Rights issue prospectus (a)	53,560,336	--	--	$0.01	31/12/2010
01/02/2010	Share based payments (c)	8,300,000	--	$166,000	$0.01	31/12/2010
17/02/2010	Option conversions	(1,478,506)	--	--	$0.01	31/12/2010
24/02/2010	Option conversions	(63,474)	--	--	$0.01	31/12/2010
01/03/2010	Option conversions	(7,312,955)	--	--	$0.01	31/12/2010
12/03/2010	Option conversions	(5,168,391)	--	--	$0.01	31/12/2010
16/03/2010	Option conversions	(5,690,641)	--	--	$0.01	31/12/2010
19/03/2010	Option conversions	(2,607,947)	--	--	$0.01	31/12/2010
26/03/2010	Option conversions	(4,435,436)	--	--	$0.01	31/12/2010
06/04/2010	Option conversions	(3,109,570)	--	--	$0.01	31/12/2010
16/04/2010	Option conversions	(998,367)	--	--	$0.01	31/12/2010
23/04/2010	Option conversions	(819,321)	--	--	$0.01	31/12/2010
30/04/2010	Option conversions	(5,200,000)	--	--	$0.01	31/12/2010
07/05/2010	Option conversions	(4,222,222)	--	--	$0.01	31/12/2010
20/05/2010	Option conversions	(2,311,654)	--	--	$0.01	31/12/2010
20/05/2010	Share based payments (d)	600,000	--	$ 9,000	$0.01	31/12/2010
27/05/2010	Option conversions	(791,875)	--	--	$0.01	31/12/2010
16/06/2010	Option conversions	(331,000)	--	--	$0.01	31/12/2010
23/06/2010	Option conversions	(368,057)	--	--	$0.01	31/12/2010
30/06/2010	Options expired (e)	--	(14,000,000)	--	$0.07	30/06/2010
	Less: transaction costs arising on option issues	--	--	($1,500)		
30/06/2010	Closing balance	145,183,843	--	$1,251,320		

(a) Free attaching options.
(b) Listed options issued to corporate advisors and consultants at $0.018 per option.
(c) Listed options issued to corporate advisors and consultants at $0.02 per option.
(d) Listed options issued to corporate advisors and consultants at $0.015 per option.
(e) Unlisted options of 14,000,000 at $0.07 each expired on 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17: 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 2010 $	30 June 2009 $
Loss for the period	(954,931)	(1,732,579)
Loss used in calculating basic and diluted loss per share	(954,931)	(1,732,579)
Weighted average number of ordinary shares used in calculating basic loss per share:	961,187,524	579,620,884
Weighted average number of ordinary shares used in calculating diluted loss per share:	961,187,524	579,620,884

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

NOTE 18: 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 15 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 2010**

NOTE 18: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Consolidated

2010	**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	--	5,020,000	--	--	306,997	5,326,997	5.92%
Trade and other receivables	193,653	--	--	--	--	193,653	--
	193,653	5,020,000	--	--	306,997	5,520,650	
Financial liabilities:							
Trade and other payables	319,768	--	--	--	--	319,768	--
Interest bearing liabilities	--	190,000	--	--	--	190,000	10.00%
	319,768	190,000	--	--	--	509,768	
Net financial instruments	(126,115)	4,830,000	--	--	306,997	5,010,882	

Consolidated

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	--	1,000,000	--	--	436,817	1,436,817	4.42%
Trade and other receivables	79,826	--	--	--	--	79,826	--
	79,826	1,000,000	--	--	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)	590,000	--	--	436,817	390,926	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 18: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest Rate Sensitivity

Consolidated
At 30 June 2010, 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 $16,089 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 2010 from 5.92% to 6.51% (10% decrease: 5.33%) representing a 59 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.

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 2010 $	**30 June 2009 $**
Contracted maturities of liabilities at 30 June		
Payables		
- less than 6 months	319,768	715,717
Convertible notes		
- less than 6 months	--	--
- less than 12 months	190,000	410,000
	509,768	1,125,717

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 18: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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 $12,921, 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 2010 $	30 June 2009 $
Net financial assets	5,010,882	390,926
Plant and equipment	33,895	31,316
Net assets	5,044,777	422,242

Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. The Company has 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 statement of financial position and in the notes to the financial statements.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2010, the following events have occurred:

- On 6 July 2010, 500,000 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 9 July 2010, 105,556 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 20 July 2010, 552,948 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 30 July 2010, 1,166,112 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 6 August 2010, 1,810,806 ordinary fully paid shares were issued at $0.01 being conversion of options.
- On 20 August 2010, 826,391 ordinary fully paid shares were issued at $0.01 being conversion of options.

NOTE 20: ECONOMIC DEPENDENCY

The Company is not economically dependent upon any third parties.

NOTE 21: SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company operates as a single segment which is development of the dermaportation drug delivery technology within Australia.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately Nil (2009 - Nil) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

NOTE 22: CONTINGENT LIABILITIES

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

NOTE 23: SHARE BASED PAYMENTS

The following options were granted to various consultants, employees and a senior executive of Company for no consideration and vested immediately:

K Hammond (Senior executive)
- 500,000 listed options exercisable at $0.01 on or before 31 December 2010.

Employees and Consultants
- 14,900,000 listed options exercisable at $0.01 on or before 31 December 2010.

Fair value of options granted

Grant Date	Expiry Date	Exercise Price	Options Issued	Value per Listed Option at Grant Date	Share Based Payments Expense
16 December 2009	31 December 2010	$0.01	6,500,000	$0.018	$117,000
1 February 2010	31 December 2010	$0.01	8,300,000	$0.02	$166,000
20 May 2010	31 December 2010	$0.01	600,000	$0.015	$9,000
					$292,000

All the options issued were listed options. Therefore, the fair value of the option was the closing market price of the option on grant date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2010 $	2009 $
ASSETS		
Current Assets		
Cash and cash equivalents	5,315,210	1,411,595
Trade and other receivables	183,719	73,380
Total Current Assets	5,498,929	1,484,975
Non Current Assets		
Plant and equipment	27,517	28,528
Other financial assets	1,000	1,000
Total Non Current Assets	28,517	29,528
TOTAL ASSETS	5,527,446	1,514,503
LIABILITIES		
Current Liabilities		
Trade and other payables	274,872	676,494
Interest bearing liabilities	190,000	410,000
Total Current Liabilities	464,872	1,086,494
TOTAL LIABILITIES	464,872	1,086,494
NET ASSETS	5,062,574	428,009
EQUITY		
Issued capital	19,798,559	14,511,593
Reserves	1,251,320	960,820
Accumulated losses	(15,987,305)	(15,044,404)
TOTAL EQUITY	5,062,574	428,009

(b) Financial Performance

	2010 $	2009 $
Loss for the period	(942,901)	(1,748,270)
Other comprehensive income	--	--
TOTAL COMPREHENSIVE LOSS	(942,901)	(1,748,270)

(c) Guarantees

OBJ Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

OBJ Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities.

DIRECTORS' DECLARATION

In the opinion of the directors:

a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

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

b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and

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

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

Jeffrey Edwards
Director
Perth, Western Australia
30th September 2010

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9111
www.rsmi.com.au

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, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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(a), 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 consolidated 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.

Auditor's Independence Declaration

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 consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report which is included within the directors' report for the financial year ended 30 June 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2010

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 15 SEPTEMBER 2010

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	316	110,534	0.01
1,001 - 5,000	190	443,509	0.04
5,001 - 10,000	151	1,287,521	0.11
10,001 - 100,000	1,907	99,832,424	8.85
100,001+	1,500	1,026,558,513	90.99
	4,064	1,128,232,501	100.00

The number of shareholdings held in less than marketable parcels is 875.

(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.	HSBC Custody Nom Aust Ltd	32,727,131	2.90
2.	JEB Holdings PL	31,178,088	2.76
3.	National Nom Ltd	26,610,499	2.36
4.	Dolphin Technology PL	22,188,031	1.97
5.	Quirk, CJ & SE	16,601,112	1.47
6.	JP Morgan Nom Aust Ltd	16,462,728	1.46
7.	Wright, Anthony	14,812,223	1.31
8.	Shemariah PL	14,500,000	1.29
9.	Desmond, Wayne	13,869,495	1.23
10.	ANZ Nom Ltd	13,793,694	1.22
11.	Denison, Glyn	13,380,556	1.19
12.	JP PL	13,333,334	1.18
13.	Wright, Heather	12,977,778	1.15
14.	Monarch PL	11,875,765	1.05
15.	Citicorp Nom PL	11,335,784	1.00
16.	Edwards, J & B	11,222,223	0.99
17.	Giannopoulos, Gregory	10,000,000	0.89
18.	Seablue Inv PL	9,333,334	0.83
19.	Hatziandoniou, George	8,594,726	0.76
20.	Mirkazemi, Pedram	8,000,000	0.71
		312,796,501	27.72

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 15 SEPTEMBER 2010 *(continued)*

(iv) SUBSTANTIAL SHAREHOLDERS

There were no Substantial Shareholders as recorded in the Register of Members as at 15 September 2010.

(b) OPTIONS

As at 15 September 2010, there existed the following quoted options:

140,222,030 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	53	25,984	0.02
1,001 - 5,000	186	540,088	0.38
5,001 - 10,000	230	1,592,013	1.14
10,001 - 100,000	455	13,601,197	9.70
100,001+	174	124,462,748	88.76
	1,098	140,222,030	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 PL	12,666,667	9.03
2.	TELWA PL	9,500,000	6.77
3.	Seablue Inv PL	8,000,000	5.71
4.	Topaze Entps PL	7,711,347	5.50
5.	Monarch Corp PL	6,369,565	4.54
6.	Dolphin Technology PL	4,000,000	2.85
7.	Fedele, Peter	3,250,000	2.32
8.	Jomima PL	3,245,222	2.31
9.	Edwards, David	2,000,000	1.43
10.	Lee-Sands Nom PL	2,000,000	1.43

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(b) OPTIONS *(continued)*

(ii) TOP 20 HOLDERS OF QUOTED OPTIONS *(continued)*:

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
11.	Kelly, Craig	2,000,000	1.43
12.	Denison, Glyn	1,986,529	1.42
13.	Wright, Heather	1,948,889	1.39
14.	Potter, MR & RA	1,568,306	1.12
15.	Cayzer PL	1,500,000	1.07
16.	Pasquini's Deli PL	1,500,000	1.07
17.	Jomima PL	1,304,348	0.93
18.	Campbell, Juliet	1,250,000	0.89
19.	Villani, Adam	1,180,000	0.84
20.	Cooper, Jeb	1,128,000	0.80
		74,108,873	52.85

(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.

CORPORATE GOVERNANCE STATEMENT

OBJ Limited ("the Company") is committed to implementing and maintaining the highest 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 an "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 and 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).

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 Jeffrey David Edwards	Executive Director	No	Refer to Director's Report
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

1. BOARD OF DIRECTORS *(continued)*

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

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 1.96% 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. BOARD OF DIRECTORS *(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. BOARD COMMITTEES *(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.

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

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;

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

- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- 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.