



LabTech Systems

Annual Report 2005

LabTech Systems Ltd

ACN 107 670 673

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

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LabTech Systems Ltd

ACN 107 670 673

CORPORATE DIRECTORY

Board of Directors

Douglas Peter LeMessurier
Lusia Halina Guthrie
Paul Andrew Mariani

Company Secretary

Douglas Peter LeMessurier

Registered Office

253 Sturt Street
ADELAIDE SA 5000

Share Register

ASX Perpetual Registrars
Level 22
300 Queen Street
BRISBANE QLD 4000

Accountants

MSI Tilley
253 Sturt Street
ADELAIDE SA 5000

Auditors

HLB Mann Judd Stephens (S.A.)
82 Fullarton Road
NORWOOD SA 5067

CHAIRMAN'S LETTER

Dear Fellow Shareholder

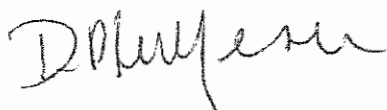
It is with pleasure I present the 2005 Annual Report for LabTech Systems Ltd.

During the 2005 financial year your company has continued its path encouraging research for microbiology automation and the cancer related platform called APOMAB®.

LabTech Systems Ltd listed on the Newcastle Stock Exchange during the 2005 financial year.

Your company is continuing its research and has made various announcements to the Newcastle Stock Exchange indicating any outcomes of current research.

I take this opportunity to thank the management, directors and shareholders for their contribution this financial year.



D P LeMessurier

Chairman

21 September 2005

LabTech Systems Ltd

ACN 107 670 673

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

LABTECH SYSTEMS LTD
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ANNUAL REPORT

30 JUNE 2005

LABTECH SYSTEMS LTD
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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of LabTech Systems Ltd is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of LabTech Systems Ltd on behalf of the members to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities it has established corporate governance guidelines for the operation of the Board.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board shall constitute not less than three (3) nor more than ten (10) Directors, all being natural persons.
- one third of directors shall be elected by the members at an annual general meeting; such term expiring at the conclusion of the second annual general meeting of the company after the annual general meeting at which the directors were elected. Retiring directors are eligible for re-election.
- the Board may after each annual general meeting appoint as directors up to three (3) other persons, the first two (2) of whom shall not be members of the company. Such appointed directors shall hold office until the conclusion of the next annual general meeting of the company and shall be eligible for reappointment.
- the Board has the power to appoint any other qualified person as a director to fill a casual vacancy or as an addition to the Board but so that the total number of directors shall not at any time exceed the maximum number. Any director so appointed shall hold office only until the conclusion of the next annual general meeting of the company and shall be eligible for re-election.
- the chairman should be an appointed non executive director.

The directors in office at the date of this report are:

Mr Douglas Peter LeMessurier
Mrs Lusia Halina Guthrie
Mr Paul Andrew Mariani

Board Responsibilities

As the Board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other interested parties. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the group is delegated by the board to the managing director and the executive team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team.

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CORPORATE GOVERNANCE STATEMENT

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board.

This is achieved by:

- development and adoption of strategic aims;
- constantly reviewing the future direction of the company;
- implementation of operating plans and budgets by management and monitoring by the board of progress against budget;
- supervision and direction of management;
- monitoring of performance indicators against plans and prior year performance;
- procedures to allow the directors, whilst performing their duties, to seek independent professional advice;
- establishment of the remuneration package of the managing director and review of executive remuneration packages with the help of the remuneration committee;
- the review and approval of business acquisitions and disposals, mergers, joint ventures and the acquisition and disposal of strategic assets.

Audit Committee

The board is responsible for the company's accounting policies and practices, internal controls and financial reporting requirements. However the board has established an audit committee to assist in fulfilling these obligations. The audit committee reports to and operates in accordance with guidelines established by the board. The audit committee's responsibilities include:

- evaluating the adequacy and effectiveness of the company's administrative and accounting policies through active communication with management and the external auditors;
- reviewing the financial statements to ensure accuracy and adequacy of disclosure and compliance with statutory requirements prior to their release to the members and the public;
- reviewing and monitoring the effectiveness, efficiency and compliance with internal controls;
- evaluating the adequacy of the company's accounting control system by reviewing written reports from external auditors and monitor managements responses and actions to correct any deficiencies;
- review and approve all significant accounting policy changes;
- the safeguarding of company assets;
- the reliability of non financial information;

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CORPORATE GOVERNANCE STATEMENT

- nomination of the external auditor and review the scope and adequacy of the annual statutory external audit;
- evaluate the overall effectiveness of the external statutory audit through regular meetings with the external auditors;
- evaluation of insurance cover by discussion with or review of broker's reports.

The members of the audit committee are:

Mrs Lusia Halina Guthrie
Mr Paul Andrew Mariani

Remuneration Committee

The board is responsible for the company's remuneration policy and compliance with environmental and health welfare and safety issues. However the board has established a remuneration committee to assist in fulfilling these obligations. The remuneration committee reports to and operates in accordance with guidelines established by the board. The remuneration committee's responsibilities include:

- to determine and monitor the application of the remuneration policy that best suits the achievement of the objectives of the company;
- evaluate the adequacy of the company's levels of remuneration by monitoring the remuneration packages that are available both nationally and in the local area;
- annually review the management recommendations for the remuneration packages of all employees;
- review management proposals for individual employee remuneration packages where changes in responsibilities are to be made;
- evaluate the company's exposure to risk through lack of compliance to statutory regulations relating to environmental issues;
- evaluate the company's exposure to risk through lack of compliance to statutory regulations relating to occupational health, safety and welfare;
- monitor management's responses and actions to correct any deficiencies in relation to environmental and occupational health, safety and welfare issues.

The members of the remuneration committee are:

Mrs Lusia Halina Guthrie
Mr Paul Andrew Mariani

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CORPORATE GOVERNANCE STATEMENT

Monitoring of the Board's Performance and Communications to Shareholders

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 through:

- the annual report which is distributed to all members
- the annual general meeting of the company
- regular newsletters.

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DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2005.

Directors

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

Douglas Peter LeMessurier
Lusia Halina Guthrie
Paul Andrew Mariani

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Douglas Peter LeMessurier - Sharebroker. Mr LeMessurier was appointed company secretary on 19 January 2004.

Principal Activities

The principal activities of the company during the financial year were those of researching and further developing innovative technologies for the healthcare and laboratory supply markets.

There were no significant changes in the nature of the entity's principal activities during the financial year.

Operating Results

The loss of the company for the period ended 30 June 2005 was \$304,072.

Dividends Paid or Recommended

There were no dividends paid or recommended to be paid.

Review of Operations

Background

LabTech Systems Ltd is a research company with objectives to further research novel technologies with applications in the areas of microbiology laboratory automation and cancer management.

The company holds a worldwide exclusive licence to a patented new technology developed at the IMVS in Adelaide, called MicroStreak[®], the technology allows automated inoculation and streaking of specimens on to standard agar culture plates as an alternative to the labour-intensive methods traditionally used in diagnostic microbiology laboratories. A global market opportunity exists for the automation of routine processing in diagnostic microbiology laboratories.

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DIRECTORS' REPORT

Review of Operations (cont)

The company holds a worldwide exclusive option over a patented platform anti-cancer technology developed by researchers at the Hanson Institute in Adelaide. Called APOMAB[®], the technology provides a highly specific and reliable means of detecting the presence of apoptotic cells both *in vivo* and *in vitro*. APOMAB[®] has potential for application to cancer diagnostic and therapeutic products.

The focus of activities from July 2004 to July 2005 was to progress proof of concept research for both technologies, against the research plans and milestone targets.

MicroStreak[®] Research

The isolation and identification of micro-organisms for medical diagnostic purposes plays an important role in determining which treatments are required by patients with various diseases. Currently, conventional diagnostic microbiology involves labour-intensive, manual processing of laboratory specimens to isolate single bacterial colonies. Traditionally, inoculation and streaking of specimens is performed manually using a wire loop.

A prototype MicroStreak[®] applicator was developed as a disposable plastic applicator, ultimately to be incorporated into an automated robotic system. An alpha-prototype robotic instrument was also developed incorporating the MicroStreak[®] applicator.

Clinical testing of the MicroStreak[®] applicator and the alpha-prototype robotic instrument has been completed and proof of principle of the invention was established. Preliminary testing of the MicroStreak[®] applicator confirmed its ability to inoculate high concentration bacterial suspensions on to standard agar plates such that large numbers of isolated colonies form after incubation.

The quality of results exceeds traditional techniques for microbial colony isolation. The fast sample time achieved for inoculation and spreading confirmed the commercial potential of the MicroStreak[®] technology.

With the successful performance outcomes for the MicroStreak[®] applicator and alpha-prototype robotic instrumentation, investigation progressed into the development of commercial MicroStreak[®] systems for the diagnostic microbiology market:

- targeted market research;
- identification of commercial partners to develop and manufacture laboratory instrumentation systems incorporating the MicroStreak[®] technology; and
- investigation of potential distributors.

Invetech Pty Ltd of Mt Waverley, Victoria, was appointed as the technology development contractor. The objective of the first stage of commercial development will be to compile detailed specifications for a preferred instrument concept, develop concept options selecting preferred implementation and commence experimental exploration of key risks as input to the next phase of beta-prototype development and testing.

Review of Operations (cont)

APOMAB[®] Research

APOMAB[®] detects a highly specific and exclusive marker of dead cells, in particular dead cancer cells, both in the body and in the laboratory. Recognition of dead cancer cells can be applied to:

- the development of new cancer diagnostic products;
- localisation of cancer and targeting of treatments;
- non-invasive monitoring of cancer treatments;
- the development of new therapeutic anti-cancer products; and
- other apoptosis-based diseases e.g. stroke, heart attack, organ transplant rejection.

APOMAB[®] technology represents a particularly significant development because the specific detection of apoptotic cancer cells remains a technically challenging task that is not readily solved using alternative technologies.

The main current problem with cancer treatment is lack of specificity. It is possible to administer doses of radiation or chemotherapy capable of killing all cancer cells, but normal cancer cells are also killed. Using APOMAB[®] to diagnose chemotherapy-induced apoptosis of cancer cells may spare some patients unnecessary and potentially toxic cancer treatment and may indicate improved survival for those patients who have chemotherapy-responsive cancer.

There is also a great need for new techniques that would allow specific targeting of the anti-cancer therapy just to the cancer cells. Cancers have a high content of macrophages which overall tend to promote the growth of cancer. APOMAB[®] preferentially associates in the body with macrophages that engulf apoptotic cells and contribute to the healing of tissue damage. Hence an opportunity exists to develop APOMAB[®] as a vehicle for cancer therapeutics.

The APOMAB[®] Research Plan spans approximately two years for Proof of Concept research, with anticipated completion by the end of 2005.

Research objectives for the period aimed to evaluate the potential for APOMAB[®] in:

- Therapeutic Product Applications: Laboratory and animal studies to finalise the rationale for development of APOMAB[®] as a tumour targeting agent; and
- Diagnostic Product Applications: Laboratory and animal studies to develop a marker for chemotherapy responsiveness (lung carcinoma).

During the period July 2004 to July 2005, research progressed against milestones.

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DIRECTORS' REPORT

Financial Position

The net assets of the company have increased by \$700,127 from 30 June 2004 to \$700,127 in 2005. The increase has resulted from the following factors:

- Share and option issues after the costs associated with those raising \$1,004,199.
- Ongoing operating expenditure by the company as it proceeds to the commercialisation of its MicroStreak® technology.
- The company continued to outlay expenditure on the securing and ongoing development of its MicroStreak® technology as well as progressing research on its APOMAB® technology, the further cost of which was \$352,775

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the company occurred during the year ended 30 June 2005:

- On 19 July 2004 the company issued 100,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 9 August 2004 the company issued 560,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 12 August 2004, the company issued a letter of intent to ARRM to engage to develop and prove the concept of automated plate and inoculating streaking and to develop and alpha prototype robotic by 30 November 2004. This was duly completed. Legal and physical possession of the prototype was duly taken by the company.

The cost of the prototype appears on the statement of financial position at a cost of \$147,455. The directors have assessed the carrying value and are satisfied that it is not higher than recoverable value.

- On 17 August 2004 the company issued 980,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 30 August 2004 the company issued 100,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 31 August 2004 the company issued 1,000,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 13 September 2004 the company issued 40,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 29 September 2004 the company issued 100,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.

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Significant Changes in State of Affairs (cont)

- On 21 October 2004 the company issued 380,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents.
- On 21 October 2004 the company issued 301,000 ordinary shares at 7.5 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents.
- On 3 November 2004 the company issued 348,000 ordinary shares at 7.5 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents.
- On 9 November 2004 the company issued 120,000 ordinary shares at 7.5 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents.
- On 10 November 2004 the company issued 2,000,000 ordinary shares at 5 cents each with a free attaching option expiring 30 June 2012 with an exercise price of 10 cents to directors of the company.
- On 17 November 2004 the company issued 539,800 ordinary shares at 7.5 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents.
- A heads of agreement subject to contract between the company and Advanced Rapid Robotics Manufacturing (ARRM) as the basis for further agreements under which ARRM Technology, ARRM Software and its commercialisation experience in Relevant Technology are used to develop, manufacture, commercialise and distribute MicroStreak® products was signed on 17 November 2004. This agreement expired on 30 November 2004 and no contract was entered.
- On 19 November 2004 the company issued 427,800 ordinary shares at 7.5 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents.
- The company having signed an option agreement for the right to secure a worldwide exclusive licence agreement to a new technology called MicroStreak® and paying \$51,000 subsequently on 1 December 2004 signed a Technology Licence Agreement to exercise that option for this technology a sum of \$120,000 was paid for this.
- On 20 December 2004 the company entered into an agreement with Martin Place Securities Pty Ltd to underwrite a proposed issue of shares by the company by way of Initial Public Offering with a prospectus for 4,400,000 new shares with a free attaching option at an issue price of 15 cents each. Provision was made to allot a further 1,300,000 shares in the event of oversubscriptions.
- On 8 April 2005 the company issued 4,736,000 ordinary shares each at 15 cents with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents pursuant to the capital raising under the initial public offering.
- On 8 April 2005 the company issued 1,240,000 shares at 15 cents each with a free attaching option expiring 30 June 2013 with an exercise price of 15 cents to Martin Place Securities Pty Ltd and or their nominee as payment for underwriting commission.

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DIRECTORS' REPORT

Significant Changes in State of Affairs (cont)

- The company listed on the Newcastle Stock Exchange on 12 April 2005.
- ARRM was placed into voluntary administration on 19 April 2005. The company has ceased any negotiation for further dealings with ARRM.

After Balance Date Events

On 5 July 2005, the company contracted with Invetech Pty Ltd to undertake the process for designing, developing and transferring the MicroStreak® instrument to manufacturing. The instrument concept and program planning document outputs, assuming commencement on 6 July 2005, it is expected that completion of stage I of a recommended four stage process will be completed on 28 September 2005.

The total development budget for stage I is \$297,400 and is due to be paid by 28 September 2005.

An announcement was made to the Newcastle Stock Exchange on 1 June 2005 that there would be a bonus issue of 2 shares for every 3 held as at 30 September 2005.

On 12 August 2005, the company approved a new consulting agreement with L H Guthrie of Lusid Pty Ltd for consulting services amounting to \$150,000 per annum exclusive of GST together with a bonus payment of \$40,000 upon attainment of ASX listing.

On 22 August 2005 the company gave notice of a general meeting of shareholders to be held on 22 September 2005. The purpose of the meeting is to obtain all the necessary shareholder approvals to restructure the company. Legal fees in relation to the restructure are estimated to be \$40,000.

Future Developments, Prospects and Business Strategies

LabTech Systems Ltd (LTS) was formed as a research company to raise equity to provide funds to further research two innovative technologies in: cancer management (APOMAB®); and laboratory automation (MicroStreak®). Both research projects are progressing and the core technologies are meeting performance hurdles.

It is anticipated that The APOMAB® research project will reach completion of proof of concept research towards the end of 2005. It will then move into a new phase comprising preclinical research for therapeutic applications of the technology and development activities for potential diagnostic applications of APOMAB®.

MicroStreak® is progressing towards full commercialisation. The company proposes to enter into a Technology Development Agreement with Invetech to complete the commercial development and transfer to production of laboratory instrumentation incorporating the MicroStreak® applicator for automation of microbiology processing.

The Directors are considering appropriate strategies for funding and full commercialisation of both technologies, which are now at different stages of development and address different markets. It is proposed that a new company be set up, to be known as Apomab Ltd, and that APOMAB® technology be transferred into that company. This will allow LabTech Systems Ltd to focus on automation for microbiology processing. Apomab Ltd will have cancer management as its focus. A general meeting of shareholders will be held on 22 September 2005 to consider and if thought fit pass the special resolution that allows for the restructure of the company. Legal fees in relation to the restructure are estimated to be \$40,000.

A successful listing of Apomab Ltd on NSX would raise \$660,000 for further preclinical research and development studies and intellectual property management. Apomab Ltd intends to exercise its option over the APOMAB® technology, entering into a Licence Agreement with Medvet Science Pty Ltd, in late 2005.

LABTECH SYSTEMS LTD**ACN 107 670 673****DIRECTORS' REPORT****Future Developments, Prospects and Business Strategies (cont)**

A successful listing of LabTech Systems on ASX would raise approximately \$4.5 million to enable full commercial development of the MicroStreak[®] system by the end of 2006, including intellectual property management, sales and marketing, and distribution strategy. It is anticipated that distributors will be identified and appointed early in 2006.

Environmental Issues

The company's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Information on Directors**Douglas Peter LeMessurier**

Qualifications	-	Sharebroker	
Experience	-	Various company directorships	
Interest in Shares	-		1,250,000 Ordinary Shares
Interest in Options	-		1,250,000 Options
Third Party Holdings	-	Palpet Pty Ltd	1,000,000 Ordinary Shares
			1,000,000 Options
	-	First Avenue Investments Pty	1,000,000 Ordinary Shares
			1,000,000 Options
	-	College Park Investments Pty	1,000,000 Ordinary Shares
			1,000,000 Options
	-	Kytron Pty Ltd	1,230,000 Ordinary Shares
			1,230,000 Options
	-	Jane Mary LeMessurier	500,000 Ordinary Shares
			500,000 Options
Directorships held in other listed entities	-	Current director of Vet Biotechnology Limited (since 23 July 2005)	

Lusia Halina Guthrie

Qualifications	-	Consultant	
Experience	-	Various company directorships	
Interest in Shares	-		2,750,000 Ordinary Shares
Interest in Options	-		2,750,000 Options
Directorships held in other listed entities	-	Current director of Vet Biotechnology Limited (since 12 November 2003)	

Paul Andrew Mariani

Qualifications	-	Executive	
Experience	-	Various company directorships	
Interest in Shares	-		500,000 Ordinary Shares
Interest in Options	-		500,000 Options
Directorships held in other listed entities	-	Current director of Vet Biotechnology Limited (since 12 November 2003)	

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DIRECTORS' REPORT

Remuneration Policy

The Remuneration Policy of LabTech Systems Ltd (LTS) has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting LTS's financial results.

The key objectives of the Remuneration Policy are to appropriately and effectively attract and retain the best executives and directors to run and manage the company, as well as create goals congruent between directors, executives and shareholders.

The Remuneration Policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Remuneration Committee and approved by the Board after seeking professional advice from independent external consultants.

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives with:

- Performance-based bonus based on Key Performance Indicators (KPI's); and
- Issue of Options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The LTS Board's policy for determining the nature and amount of remuneration for board members and senior company executives follows.

Terms & Conditions

All executives receive a base salary, based on length of service, professional qualifications and experience, superannuation, fringe benefits, options and performance incentives.

The remuneration committee reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Performance Measurement

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value.

All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Remuneration Committee's recommendations.

Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Remuneration Policy (Cont)

Superannuation

The executive directors and executives receive a superannuation guarantee contribution, required by the government, which is currently 9% and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

Shares & Options

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid to the director or executive.

Non-executive Directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive directors are not linked to the performance of the company. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance Based Remuneration

As part of each executive director and executives' remuneration package there is a performance-based component consisting of key performance indicators. The intention of this programme is to facilitate goal congruence between directors and executives with that of the business and shareholders.

Key Performance Indicators - KPI's:

- Are set annually in consultation with directors/executives. The measures are specifically tailored to the areas in which the director/executive is directly involved and has a level of control over.
- Target areas the board believes hold greater potential for business expansion and profit.
- Cover financial and non-financial as well as short- and long-term goals.
- The level set for each KPI is based on budgeted figures for the group and respective industry standards.
- Performance in relation to KPI's is assessed annually, with minor quarterly reviews.
- Bonuses being awarded depend on the number and difficulty of the KPI's achieved.

Following the assessment, the KPI's are reviewed by the remuneration committee in light of the desired and actual outcomes. The efficacy of the KPI's is assessed in relation to the company's goals and shareholder wealth, before the KPI's are set for the following year. Where advisable, independent reports are obtained from external organisations.

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DIRECTORS' REPORT

Details of Remuneration for Year Ended 30 June 2005

The remuneration for each director of the company during the year was as follows:

	Salary, Fees & Commis- sions	Super- annu- ation Contri- bution	Cash Bonus	Non- Cash Benefits	Shares Note 14(c)	Options	Total
	\$	\$	\$	\$	\$	\$	\$
Mr D P LeMessurier	-	-	-	-	37,500	75,000	112,500.00
Mrs L H Guthrie	84,900	-	-	-	37,500	75,000	197,400.00
Mr P A Mariani	-	-	-	-	25,000	50,000	75,000.00
	84,900	-	-	-	100,000	200,000	384,900.00

Options Issued as Part of Remuneration for the Year Ended 30 June 2005

	Granted No.	Options Granted as Part of Remun- eration	Total Remun- eration Repre- sented by Options	Options Exer- cised	Options Lapsed	Issue Price	Total
		\$	%	\$	(\$)		\$
Mr D P LeMessurier	750,000	-	-	-	-	0.10	75,000.00
Mrs L H Guthrie	750,000	-	-	-	-	0.10	75,000.00
Mr P A Mariani	500,000	-	-	-	-	0.10	50,000.00
	2,000,000	-	-	-	-		200,000.00

Meetings of Directors

During the period to 30 June 2005, twenty three meetings of directors (including committees of directors) were held. Attendances by each director during the reporting period were:

	Number Eligible to Attend	Number Attended
Douglas P LeMessurier	23	23
Lusia H Guthrie	23	23
Paul A Mariani	23	23

There were no meetings held during the year by the audit committee, matters of remuneration were discussed at board level.

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Option Details

At the date of this report, the unissued ordinary shares of LabTech Systems Ltd under option are as follows:-

Grant Date	Date of Expiry	Exercise Price	Number Under Option
21/01/04	30/06/12	\$0.10	81,500
22/01/04	30/06/12	\$0.10	8,068,500
11/03/04	30/06/12	\$0.10	1,250,000
30/04/04	30/06/12	\$0.10	1,450,000
24/05/04	30/06/12	\$0.10	250,000
26/05/04	30/06/12	\$0.10	250,000
19/07/04	30/06/12	\$0.10	100,000
09/08/04	30/06/12	\$0.10	560,000
17/08/04	30/06/12	\$0.10	980,000
30/08/04	30/06/12	\$0.10	100,000
31/08/04	30/06/12	\$0.10	1,000,000
13/09/04	30/06/12	\$0.10	40,000
29/09/04	30/06/12	\$0.10	100,000
21/10/04	30/06/12	\$0.10	380,000
21/10/04	30/06/13	\$0.15	301,000
03/11/04	30/06/13	\$0.15	348,000
09/11/04	30/06/13	\$0.15	120,000
10/11/04	30/06/12	\$0.10	2,000,000
17/11/04	30/06/13	\$0.15	539,800
19/11/04	30/06/13	\$0.15	427,800
08/04/05	30/06/13	\$0.15	5,976,000
			<u>24,322,600</u>

There have been no shares issued as a result of exercise of options.

Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given any indemnity or entered into any agreement to indemnify or paid or agreed to pay any insurance premiums of officers or the auditor.

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 18 of the directors' report.

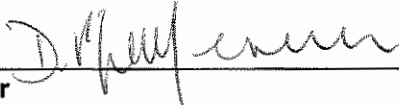
Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the reporting period.

LABTECH SYSTEMS LTD
ACN 107 670 673
DIRECTORS' REPORT

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



Director
Douglas Peter LeMessurier



Director
Lusia Halina Guthrie

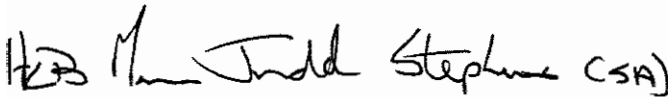
Dated at Adelaide this 12th day of September 2005.

LABTECH SYSTEMS LTD
ACN 107 670 673

AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LABTECH SYSTEMS LIMITED

As auditor for the audit of LabTech Systems Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



HLB MANN JUDD STEPHENS (S.A.)
CHARTERED ACCOUNTANTS



PHIL PLUMMER
PARTNER

Adelaide,
12th September 2005

LABTECH SYSTEMS LTD
ACN 107 670 673
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	7,671	422
Other expenses from ordinary activities	3	<u>311,743</u>	<u>15,633</u>
Loss from ordinary activities before income tax expense		(304,072)	(15,211)
Income tax expense relating to ordinary activities	1a	<u>-</u>	<u>-</u>
Loss from ordinary activities after related income tax expense		<u>(304,072)</u>	<u>(15,211)</u>
Net loss attributable to members		<u>(304,072)</u>	<u>(15,211)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(304,072)</u></u>	<u><u>(15,211)</u></u>
Basic earnings per share (cents per share)	13	<u>(1.71)</u>	<u>(0.36)</u>
Diluted earnings per share (cents per share)	13	<u>(0.69)</u>	<u>(0.36)</u>

The accompanying notes form part of these financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash at Bank	5	331,679	24,978
Receivables	6	<u>27,496</u>	<u>16,100</u>
TOTAL CURRENT ASSETS		<u>359,175</u>	<u>41,078</u>
NON-CURRENT ASSETS			
Receivables	6	-	5,750
Intangible Assets	7	548,747	223,195
Other	8	<u>760</u>	<u>974</u>
TOTAL NON-CURRENT ASSETS		<u>549,507</u>	<u>229,919</u>
TOTAL ASSETS		<u>908,682</u>	<u>270,997</u>
CURRENT LIABILITIES			
Payables	9	<u>172,243</u>	<u>171,435</u>
TOTAL CURRENT LIABILITIES		<u>172,243</u>	<u>171,435</u>
NON-CURRENT LIABILITIES			
Payables	9	<u>-</u>	<u>63,250</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>63,250</u>
TOTAL LIABILITIES		<u>172,243</u>	<u>234,685</u>
NET ASSETS		<u>736,439</u>	<u>36,312</u>
EQUITY			
Contributed Equity	10	1,055,722	51,523
Retained Profits/(Accumulated Losses)	11	<u>(319,283)</u>	<u>(15,211)</u>
TOTAL EQUITY		<u>736,439</u>	<u>36,312</u>

The accompanying notes form part of these financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		-	-
Payments to Suppliers		(252,394)	(10,695)
Interest Received		<u>7,671</u>	<u>422</u>
Net cash provided by (used in) operating activities	12	<u>(244,723)</u>	<u>(10,273)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments under Option and Licence Agreement for APIS	15	(318,455)	-
Payments under Option and Licence Agreement for APOMAB®	15	<u>(34,320)</u>	<u>(28,750)</u>
Net cash used in investing activities		<u>(352,775)</u>	<u>(28,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	10	1,003,641	64,001
Costs associated with capital raising	10	<u>(99,442)</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>904,199</u>	<u>64,001</u>
Net increase in cash held		<u>306,701</u>	<u>24,978</u>
Cash at beginning of period		<u>24,978</u>	<u>-</u>
Cash at end of period	5	<u><u>331,679</u></u>	<u><u>24,978</u></u>

The accompanying notes form part of these financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Account Standards Board and the Corporations Act 2001.

The financial report covers LabTech Systems Ltd a public company incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits in respect of timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in respect of losses are not brought to account unless there is virtual certainty of realisation of the benefit. At reporting date an amount of \$95,785 being 30% of tax losses of \$319,283 has accordingly not been recognised as a future income tax benefit as there is no virtual certainty of realisation of the benefit.

The amount of benefits expected to arise from the recoupment of tax losses in accordance with the legislation will only be obtained if no adverse changes will occur in 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 the law.

b Patents, Trademarks and Option Fees

Licence fees and option fees are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

c Research and Development Expenditure

Research and Development costs are charged to profit from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefit will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

d Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

e Revenue

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 services tax (GST).

f 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

g Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

h Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

i Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the company's financial statements for the year ending 30 June 2006. On first time adoption AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The company's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the company's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the company's accounting policies on conversion to AIFRS and the financial effects of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements from the continuing work of the company's AIFRS committee.

(i) Research and Development Expenditure

Under AASB 138: Intangible Assets, costs associated with the research phase of the development of an asset must be expensed. This will result in a change in the current accounting policy, which capitalises research costs to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

On transition the impact of this is estimated to be a reduction of \$34,320 to intangible assets. This adjustment will be allocated to Retained Profits at 1 July 2005.

(ii) Income Tax

Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

(iii) Share Based Payments

Under AASB 2: Share Based Payments, share based payments are required to be recognised as an expense. This will result in a change in the current accounting policy which requires the disclosure of the amount and details of the components of director and executive remuneration, but not the recognition of share based payments expense.

On transition the impact of this is estimated to be a reduction of \$200,000 to Retained Profits at 1 July 2005.

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Reconciliation of Retained Profits/(Accumulated Losses)	2005
Retained profits/(accumulated losses) reported under Australian Accounting Standards	(304,072)
Key transitional adjustments:	
- Recognition of research costs expensed (Note 1(i))	(34,320)
- Income tax expense	10,296
- Recognition of share based payments expensed (Note 1(i), 14(c))	<u>(200,000)</u>
Total transitional adjustments	<u>(224,024)</u>
Retained profits/(accumulated losses) under AIFRS	<u>(528,096)</u>
Reconciliation of Equity	
Total Equity reported under Australian Accounting Standards	736,439
Retrospective adjustments to equity at 1 July 2004	
- Recognition of research costs expensed	(34,320)
- Recognition of future tax benefit	10,296
- Recognition of share based payments expensed	<u>(200,000)</u>
Total equity under AIFRS	<u>512,415</u>

	2005	2004
	\$	\$
NOTE 2: REVENUE		
Operating Activities		
Interest Received	<u>7,671</u>	<u>422</u>
Total Revenue	<u>7,671</u>	<u>422</u>

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

Note	2005 \$	2004 \$
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NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

Expenses

Accountancy Fees		27,776	5,900
Amortisation		27,437	6,900
Auditors' Remuneration	4	7,250	-
Consulting Fees		79,635	-
Depreciation		219	-
Legal Fees		17,568	-
Marketing		9,243	-
Patent Fees		16,081	-
Rent		5,958	-
Services Rendered as a Director	14(c)	100,000	-
Travel and Accommodation		9,086	2,024
Other Expenses		11,490	809
Total Expenses		311,743	15,633

NOTE 4: AUDITORS' REMUNERATION

Remuneration of the auditors for:

- auditing or reviewing the financial report (Note 3)	3	7,250	4,250
- other services		-	-
- other services provided by related practice of auditor		-	-
		7,250	4,250

Auditors' remuneration for 2004 was capitalised to costs associated with capital raising.

NOTE 5: CASH ASSETS

Cash at Bank	331,679	24,978
	331,679	24,978
Reconciliation of Cash		
Cash at the end of the financial year as shown		
Cash at Bank	331,679	24,978
	331,679	24,978

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
NOTE 6: RECEIVABLES			
CURRENT			
GST Refundable		27,443	16,047
Sundry Debtor		53	53
		<u>27,496</u>	<u>16,100</u>
NON-CURRENT			
Sundry Debtor		-	5,750
		<u>-</u>	<u>5,750</u>
Total Receivables		<u>27,496</u>	<u>21,850</u>
NOTE 7: INTANGIBLE ASSETS			
APOMAB [®] Option Fee at Cost (Note 15)		230,000	230,000
Less: Accumulated Amortisation (Note 1 (b))		<u>(22,138)</u>	<u>(6,805)</u>
		<u>207,862</u>	<u>223,195</u>
APOMAB [®] Product Development at Cost		4,320	-
APOMAB [®] Research at Cost		<u>30,000</u>	<u>-</u>
		<u>34,320</u>	<u>-</u>
APIS Option Fee at Cost		51,000	-
Less: Accumulated Amortisation (Note 1 (b))		<u>(3,316)</u>	<u>-</u>
		<u>47,684</u>	<u>-</u>
APIS Licence Fee at Cost		120,000	-
Less: Accumulated Amortisation (Note 1 (b))		<u>(4,241)</u>	<u>-</u>
		<u>115,759</u>	<u>-</u>
APIS Product Development at Cost		147,455	-
Less: Accumulated Amortisation (Note 1 (b))		<u>(4,333)</u>	<u>-</u>
		<u>143,122</u>	<u>-</u>
Total Intangible Asset		<u>548,747</u>	<u>223,195</u>

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
NOTE 8: NON-CURRENT ASSETS - OTHER			
Formation Expenses at Cost		1,069	1,069
Less: Accumulated Amortisation		<u>(309)</u>	<u>(95)</u>
Total Non-Current Asset Other		<u>760</u>	<u>974</u>

NOTE 9: PAYABLES

CURRENT

Trade creditors		11,368	11,165
Option fee amount payable within 12 months of reporting date (Note 15)		160,875	158,125
Amounts Payable to Director Related Entities		<u>-</u>	<u>2,145</u>
		<u>172,243</u>	<u>171,435</u>

NON-CURRENT

Option fee amount payable after 12 months of reporting date (Note 15)		<u>-</u>	<u>63,250</u>
		<u>-</u>	<u>63,250</u>

Total Payables		<u>172,243</u>	<u>234,685</u>
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NOTE 10: CONTRIBUTED EQUITY

Issued and paid up capital			
24,322,600 ordinary shares fully paid		1,353,642	64,001
Less: Costs associated with Capital Raising			
Balance 1 July		(12,478)	-
Amount incurred during the year		(99,442)	(12,478)
Placement Commission		<u>(186,000)</u>	<u>-</u>
		<u>1,055,722</u>	<u>51,523</u>

Ordinary Shares

At the beginning of the reporting period		64,001	
- 1 for cash			1
- 81,499 for no consideration			-
- 8,068,500 bonus issue - no consideration			-
- 3,200,000 at \$0.02 each			64,000
- 3,260,000 at \$0.05 each		163,000	-
- 1,736,600 at \$0.075 each		130,245	-
- 2,000,000 at \$0.05 each for services rendered by Directors		100,000	-
- 4,736,000 at \$0.15 each		710,396	-
- 1,240,000 at \$0.15 each as payment for underwriting commission		<u>186,000</u>	<u>-</u>
		<u>1,353,642</u>	<u>64,001</u>

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

Note	2005 \$	2004 \$
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NOTE 10: CONTRIBUTED EQUITY (cont)

Costs associated with Capital Raising includes an underwriting commission of \$57,084 paid to Martin Place Securities Pty Ltd and a placement commission of 1,240,000 shares issued at 15 cents per share totalling \$186,000.

Each option entitles the holder to subscribe for one ordinary share in the capital of the company. The company has on issue 24,322,600 options. Of these options 16,610,000 have an exercise price of 10 cents and may be exercised in whole or part at any time up until 30 June 2012. The remaining 7,712,600 options have an exercise price of 15 cents and may be exercised in whole or part at any time up until 30 June 2013.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

If in the event of winding up of the company there remains a surplus of assets available for distribution to Members, ordinary shareholders will be repaid in proportion to the number of fully paid ordinary shares held by them.

NOTE 11: RETAINED PROFITS/(ACCUMULATED LOSSES)

Retained profits/(loss) at the beginning of the period	(15,211)	-
Net profit/(loss) for the period	(304,072)	(15,211)
Retained profits/(loss) at the end of the period	(319,283)	(15,211)

NOTE 12: CASH FLOW INFORMATION

**Reconciliation of Cash Flow from
Operations with Profit from Ordinary**

Loss from ordinary activities after income tax	(304,072)	(15,211)
Non-cash flows in loss from ordinary activities		
Amortisation	27,437	6,900
(Increase) in receivables	(5,646)	(1,725)
(Increase) in formation expenses	-	(1,069)
Increase in trade creditors	(62,442)	13,310
Non-cash directors fee	100,000	-
Costs in connection with initial public offering recognised in contributed equity		(12,478)
Cash flow from/used in operations	(244,723)	(10,273)

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
NOTE 13: EARNINGS PER SHARE			
Reconciliation of Earnings to Net Loss			
Net Loss		<u>(304,072)</u>	<u>(15,211)</u>
Earnings used in the calculation of basic earnings per share		<u>(304,072)</u>	<u>(15,211)</u>
Earnings used in the calculation of diluted earnings per share		<u>(304,072)</u>	<u>(15,211)</u>
Weighted average number of ordinary shares outstanding at 30 June 2005 used in the calculation of basic earnings per share		<u>17,813,744</u>	<u>4,233,010</u>
Weighted average number of ordinary shares outstanding at 30 June 2005 used in the calculation of diluted earnings per share		<u>43,918,026</u>	<u>4,233,010</u>

NOTE 14: DIRECTORS' AND EXECUTIVE REMUNERATION

(a) Names and positions held in LabTech Systems Ltd by directors in office at any time during the financial year:

Directors

Mr D P LeMessurier	Chairman - Non-Executive
Mrs L H Guthrie	Director - Executive
Mr P A Mariani	Director - Non-Executive

(b) Directors' Remuneration

2005

	Primary			Post Employ- ment	Equity Compen- sation	Other Benefits	Total
	Salary, Fees & Commis- sions	Super- annu- ation Contri- bution	Cash Bonus	Non- Cash Benefits	Super- annu- ation	Shares	
Mr D P LeMessurier	-	-	-	-	-	37,500	37,500.00
Mrs L H Guthrie	84,900	-	-	-	-	37,500	122,400.00
Mr P A Mariani	-	-	-	-	-	25,000	25,000.00
	<u>84,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>184,900.00</u>

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 14: DIRECTORS' AND EXECUTIVE REMUNERATION (Cont)

2004

	Primary				Post Employment	Equity Compensation	Other Benefits	Total
	Salary, Fees & Commis- sions	Super- annu- ation Contri- bution	Cash Bonus	Non- Cash Benefits	Super- annu- ation	Options		
Mr D P LeMessurier	-	-	-	-	-	-	-	-
Mrs L H Guthrie	-	-	-	-	-	-	-	-
Mr P A Mariani	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(c) Remuneration Equity

Options Granted as Remuneration

Directors	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date	Value of Remuneration \$
Mr D P LeMessurier	750,000	750,000	19/10/04	0.10	\$0.10	19/10/04	30/06/12	75,000
Mrs L H Guthrie	750,000	750,000	19/10/04	0.10	\$0.10	19/10/04	30/06/12	75,000
Mr P A Mariani	500,000	500,000	19/10/04	0.10	\$0.10	19/10/04	30/06/12	50,000
	<u>2,000,000</u>	<u>2,000,000</u>						<u>200,000</u>

Shares Granted as Remuneration

Directors	Grant Date	Granted No.	Value per Share at Grant Date \$	Value of Remuneration \$
Mr D P LeMessurier	19/10/04	750,000	0.05	37,500
Mrs L H Guthrie	19/10/04	750,000	0.05	37,500
Mr P A Mariani	19/10/04	500,000	0.05	25,000
		<u>2,000,000</u>		<u>100,000</u>

At a general meeting of shareholders held on 19 October 2004 the shareholders approved the allotments to Paul A Mariani of 500,000 ordinary shares and 500,000 options with an exercise price of 10 cents expiring 30 June 2012, Douglas P LeMessurier of 750,000 ordinary shares and 750,000 options with an exercise price of 10 cents expiring 30 June 2012 and Lusia H Guthrie of 750,000 ordinary shares and 750,000 options with an exercise price of 10 cents expiring 30 June 2012. The shares were allotted at 5 cents each.

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 14: DIRECTORS' AND EXECUTIVE REMUNERATION (Cont)

(d) Options Holdings

Directors	Balance 01/07/04	Granted as Remun- eration	Options Exercised	Other Change	Balance 30/06/05	Total Vested 30/06/05	Total Vested and Exercisable 30/06/05	Total Vested and Unexercisable 30/06/05
Mr D P LeMessurier	4,950,000	750,000	-	280,000	5,980,000	5,980,000	5,980,000	-
Mrs L H Guthrie	2,000,000	750,000	-		2,750,000	2,750,000	2,750,000	-
Mr P A Mariani	-	500,000	-		500,000	500,000	500,000	-
	<u>6,950,000</u>	<u>2,000,000</u>	<u>-</u>	<u>280,000</u>	<u>9,230,000</u>	<u>9,230,000</u>	<u>9,230,000</u>	<u>-</u>

Options over ordinary shares can be exercised at any time up to 30 June 2012 at an exercise price of 10 cents.

(e) Shareholdings

Directors	Balance 01/07/04	Received as Remun- eration	Options Exercised	Net Change Other*	Balance 30/06/05
Mr D P LeMessurier	4,950,000	750,000	-	280,000	5,980,000
Mrs L H Guthrie	2,000,000	750,000	-	-	2,750,000
Mr P A Mariani	-	500,000	-	-	500,000
Total	<u>6,950,000</u>	<u>2,000,000</u>	<u>-</u>	<u>280,000</u>	<u>9,230,000</u>

NOTE 15: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors' Transactions with the Company

D P LeMessurier

An option agreement between Medvet Science Pty Ltd and D P LeMessurier and or his nominee was entered into on 23 December 2003.

The option agreement grants an exclusive worldwide option to enter into good faith negotiations with Medvet Science Pty Ltd with a view to it granting an exclusive worldwide sublicense in respect of their intellectual property rights in the technology to an invention known as APOMAB®.

The terms and conditions for which this option was granted was that Mr D P LeMessurier having entered into the option agreement with Medvet Science Pty Ltd was to pay the non refundable sum of \$230,000 (plus GST) at the rate of \$28,750 (plus GST) per quarter from 1 February 2004 for a period of two years.

On 19 January 2004, D P LeMessurier had assigned and transferred all of his rights, title and interest in the option and the Agreement to Apotech Pty Ltd (now LabTech Systems Ltd).

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 15: RELATED PARTY TRANSACTIONS (cont)

The consideration for the transfer of the Option and the Agreement was that Apotech Pty Ltd would:

- (a) Grant to D P LeMessurier an overriding royalty of 1.3% in relation to all licence fees and net sales of any Apotech product;
- (b) Issue D P LeMessurier and or his nominee 40,000 fully paid ordinary shares and 40,000 share options;
- (c) Grant to L H Guthrie an overriding royalty of 0.5% in relation to all licence fees and net sales of any Apotech product;
- (d) Issue L H Guthrie and or her nominee 20,000 fully paid ordinary shares and 20,000 share options.

L H Guthrie

As a result of the agreement entered into by Apotech Pty Ltd and D P LeMessurier (option agreement) to transfer the granting of an exclusive worldwide sublicense in respect of the Medvet Science Pty Ltd's intellectual property rights in the technology known as APOMAB[®], the company has agreed that in consideration for the transfer of the Option and the Agreement was that it would grant to L H Guthrie and or her nominee:

- (a) An overriding royalty of 0.5% in relation to all licence fees and net sales of any Apotech product.
- (b) An issue of 20,000 fully paid ordinary shares and 20,000 share options.

Directors' Related Entity Transactions with the Company

Total income paid or payable, or otherwise made available, to all directors of the company from the company or any related party is \$85,900.

Lusid Pty Ltd, a company controlled by L H Guthrie was in receipt of consulting fees for the year ended 30 June 2005 of amount of \$84,900. The board approved a new agreement on 12 August 2005 for \$150,000 per annum exclusive of GST and a bonus of \$40,000 upon listing on the ASX.

Alice LeMessurier was engaged to provide some legal services during the year. She is the daughter of D P LeMessurier and was paid \$1,000.

Other Related Parties

Transactions with the Company

Medvet Science Pty Ltd

Medvet Science Pty Ltd is a shareholder in Vet Biotechnology Limited, holding 2,000,000 ordinary shares and 2,000,000 options with an exercise price of 10 cents expiring 30 June 2012.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15: RELATED PARTY TRANSACTIONS (cont)

Acquisition and Invention of Technology - APOMAB[®]

Medvet Science Pty Ltd had entered into an option agreement with Apotech Pty Ltd.

Both parties have certain obligations to meet during the term of the option.

Details of the fees and royalties payable to Medvet Science Pty Ltd as set out in the Option Agreement are summarised below.

(a) Fees

The company will pay Medvet Science Pty Ltd industry standard milestone payments when the technology reaches certain milestones. These include grant of patent in the USA, grant of patent in Germany, grant of patent in Japan, phase I clinical trial, phase II clinical trial, phase III clinical trial and FDA marketing approval.

(b) Royalties

Royalties on Net Sales

The company will pay a royalty to Medvet Science Pty Ltd comprising of not less than 5% (five percent) on net sales of the product. A guaranteed minimum royalty is yet to be negotiated.

(c) Terms

The licence agreement will be for a term of fifteen years or the life of the patent obtained on the technology, whichever is longer.

Acquisition and Invention of Technology - MicroStreak[®]

On 1 December 2004, the company entered into a Technology Licence Agreement with Medvet Science Pty Ltd under which it has an exclusive worldwide licence to make, use and sell products derived from technology known as MicroStreak[®].

Both parties have certain financial obligations to meet during the term of the Agreement.

In consideration for the MicroStreak[®] licence, LabTech Systems must pay to Medvet Science Pty Ltd a licence fees of \$120,000, payable in two instalments. The first instalment due within sixty days of execution of the agreement and the final instalment to be paid upon the eighteen month anniversary of the Agreement.

LabTech Systems LTS must pay to Medvet Science Pty Ltd a royalty on gross sales of any products sold a market price in the Territory with the following percentages applying in:

(a) Australia - 3% of gross sales of the product for the term;

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FOR THE YEAR ENDED 30 JUNE 2005

NOTE 15: RELATED PARTY TRANSACTIONS (cont)

(b) in all other countries:

- (i) 3% of gross sales of the product for the first three years from the date of first commercial sale in each country; and
- (ii) 7% of gross sales of the product thereafter for the remainder of the term.

The royalty referred to above is payable in respect of each quarter, on or before the end of the month following the end of each quarter.

Medvet Science Pty Ltd will also receive milestone payments from LabTech Systems within six months of the Technology reaching the following milestones;

- (i) First commercial sale in Australia - \$20,000 or 200,000 Shares
- (ii) First commercial sale in Europe - \$50,000 or 400,000 Shares
- (iii) First commercial sale in the United States of America - \$150,000 or 500,000 Shares

payment in cash or either of shares for (i) and (ii) will be at the election of Medvet Science Pty Ltd by written notice.

LabTech Systems Ltd will provide the product to the Institute of Medical and Veterinary Science and/or Medvet Science Pty Ltd at the price the product costs to produce rather than at market price.

Aggregate Number of Shares and Share Options

The aggregate number of shares and share options acquired and held as at 30 June 2005 by the following other related parties are as follows:-

Medvet Science Pty Ltd
J.M. LeMessurier

	Number Acquired and Held	Exercise Price	Exercisable By
Ordinary Shares	2,500,000		-
Options Over Ordinary Shares	2,500,000	\$0.10	30/06/12

Aggregate number of shares and share options disposed NIL

These shares and share options have all been issued since incorporation.

LABTECH SYSTEMS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 16: FINANCIAL INSTRUMENTS

a Interest Rate Risk

The company has no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account where the interest rate can vary from day to day. The weighted average interest rate achieved was 4.85%.

b Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the company which have been recognised in the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

NOTE 17: SEGMENT REPORTING

The company will operate in one business and several geographical segments, providing research and development of the two technologies APOMAB[®] and MicroStreak[®].

NOTE 18: CREDIT STANDBY ARRANGEMENTS

There are no credit standby facilities in place.

NOTE 19: EVENTS OCCURRING AFTER REPORTING DATE

Contract for Progressing MicroStreak[®] to Manufacturing

On 5 July 2005, the company contracted with Invetech Pty Ltd to undertake the process for designing, developing and transferring the MicroStreak[®] instrument to manufacturing. The instrument concept and program planning document outputs, assuming commencement on 6 July 2005, it is expected that completion of stage I of a recommended four stage process will be completed on 28 September 2005.

The total development budget for stage I is \$297,400 and is due to be paid by 28 September 2005.

Bonus Issue

An announcement was made to the Newcastle Stock Exchange on 1 June 2005 that there would be a bonus issue of 2 shares for every 3 held as at 30 September 2005.

Lusid Pty Ltd Consulting Agreement

On 12 August 2005, the company approved a new consulting agreement with L H Guthrie of Lusid Pty Ltd for consulting services amounting to \$150,000 per annum exclusive of GST together with a bonus payment of \$40,000 upon attainment of ASX listing.

Proposed Demerger and ASX/NSX Listing

On 22 August 2005 the company gave notice of a general meeting of shareholders to be held on 22 September 2005. The purpose of the meeting is to obtain all the necessary shareholder approvals to restructure the company. Legal fees in relation to the restructure are estimated to be \$40,000.

LABTECH SYSTEMS LTD
ACN 107 670 673
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 19: EVENTS OCCURRING AFTER REPORTING DATE (cont)

It is proposed that the APOMAB technology be sold to a new entity, Apomab Ltd, in consideration for one share in Apomab Ltd for every share in LabTech Systems Ltd. The restructure also calls for the reduction of the issued share capital of LabTech Systems Ltd in order to distribute, in-specie and on a pro-rata basis to LabTech Systems Ltd's shareholders, the Apomab Ltd's shares. This will provide LabTech Systems Ltd shareholders with shares in Apomab Ltd, which is preparing to list on the Newcastle Stock Exchange. Under the restructure it is proposed that LabTech Systems demerge Apomab Ltd to allow LabTech Systems Ltd to focus entirely on its MicroStreak® technology.

LabTech Systems is in the process of preparing a prospectus to issue 22,500,000 shares at an issue price of 20 cents with a free attaching option to raise \$4,500,000 with the right to accept oversubscriptions to raise an additional \$1,000,000.

Martin Place Securities Pty Ltd have issued a letter of undertaking, subject to contract, to underwrite the LabTech Systems offer to the minimum subscription of \$2,500,000. Fees payable to Martin Place Securities will include an engagement fee of \$10,000, a management fee of 1.5% of the total amount raised, an underwriting fee of 7% of the total amount raised and a placement commission of 650,000 shares with free attaching options.

Within seven days of the lodgement of the prospectus with the Australian Securities and Investments Commission, the company will make an application to list on the Australian Stock Exchange.

Apomab Ltd intends to prepare a prospectus to issue 4,400,000 shares at an issue price of 15 cents with a free attaching option to raise \$660,000, with the right to accept oversubscriptions up to \$450,000.

Martin Place Securities Pty Ltd have issued a letter of undertaking, subject to contract, to underwrite the Apomab offer to \$660,000. Fees payable to Martin Place Securities will include an engagement fee of \$5,000, a management fee of 1.5% of the total amount raised, an underwriting fee of 7% of the total amount raised and a placement commission of 650,000 shares with free attaching options.

NOTE 20: CAPITAL, ROYALTY AND OTHER FEES COMMITMENTS

Acquisition of Invention and Technology – APOMAB®.

	Nature	Details
(a) Medvet Science Pty Ltd	licence, royalties and other fees payable	- Note 15

Acquisition of Invention and Technology – MicroStreak®.

	Nature	Details
(a) Medvet Science Pty Ltd	licence, royalties and other fees payable	- Note 15

NOTE 22: COMPANY DETAILS

The registered office of the company is:

253 Sturt Street
ADELAIDE SA 5000

The principal place of business is:

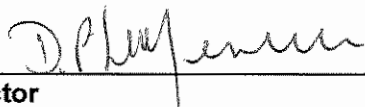
Suite 7, 114 Rundle Street
KENT TOWN SA 5067

LABTECH SYSTEMS LTD
ACN 107 670 673
DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 19 to 37, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company;
- 2 the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
- 3 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director

Douglas Peter LeMessurier



Director

Lusina Halina Guthrie

Dated at Adelaide this 12th day of September 2005

LABTECH SYSTEMS LTD

ACN 107 670 673

INDEPENDENT AUDIT REPORT

To the members of LabTech Systems Limited:

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position as at 30 June 2005, and the statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the year ended 30 June 2005 for LabTech Systems Limited ("the company") as set out on pages 19 to 38.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error, for the accounting policies and for the accounting estimates within the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance that the financial report is free of material misstatement. The nature of an audit is influenced by several factors including the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of audit evidence which may be persuasive rather than conclusive. Accordingly, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When determining the nature and extent of our procedures we considered the effectiveness of management's internal controls over financial reporting. Our audit was not designed to provide assurance in relation to internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The Directors Report attached to the financial statements includes a copy of the Independence Declaration dated 12th September 2005 given to the Directors by us for the audit.

Audit opinion

In our opinion, the financial report of LabTech Systems Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



HLB MANN JUDD STEPHENS (S.A.)
CHARTERED ACCOUNTANTS
Adelaide, 12th September 2005



PHIL PLUMMER
PARTNER

LabTech Systems Ltd

ACN 107 670 673

**ADDITIONAL INFORMATION FOR
LISTED PUBLIC COMPANIES**

LabTech Systems Ltd

ACN 107 670 673

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Newcastle Stock Exchange in respect of listed public companies only.

1. Shareholding

(a) Distribution of Shareholders

Category (size of holding)	Number of shareholders
1 – 1,000	0
1,001 – 5,000	2
5,001 – 10,000	1
10,000 – 100,000	48
100,001 – and over	23
	<hr/> 74

(b) Distribution of \$0.10 Optionholders

Category (size of holding)	Number of shareholders
1 – 1,000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,000 – 100,000	4
100,001 – and over	17
	<hr/> 21

(c) Distribution of \$0.15 Optionholders

Category (size of holding)	Number of shareholders
1 – 1,000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,000 – 100,000	38
100,001 – and over	23
	<hr/> 61

(d) The number of shareholdings held in less than marketable parcels is zero.

(e) The names of the substantial shareholders listed in the company's register as at 31 August 2005 are:

Name	Number of Shares Held	% Held of Issued Capital
Mr D P LeMessurier	8,980,000	36.92
Mr H B & Mrs L H Guthrie	2,750,000	11.31
Mrs D M O Evans	2,320,000	9.54
Medvet Science Pty Ltd	2,000,000	8.22
	<hr/> 16,050,000	<hr/> 65.99

LabTech Systems Ltd

ACN 107 670 673

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(f) 20 Largest Shareholders – Ordinary Shares as at 31 August 2005

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Capital
1 Mrs D M O Evans	2,320,000	9.54
2 Mr H B Guthrie & Mrs L H Guthrie	2,000,000	8.22
3 Medvet Science Pty Ltd	2,000,000	8.22
4 Mr D P LeMessurier	1,250,000	5.14
5 Kytron Pty Ltd	1,230,000	5.06
6 SDP Technology Ltd	1,000,000	4.11
7 College Park Investments Pty Ltd	1,000,000	4.11
8 First Avenue Investments Pty Ltd	1,000,000	4.11
9 Palpet Pty Ltd	1,000,000	4.11
10 Mr R G Pank	790,000	3.25
11 Emu Cards Pty Ltd	750,000	3.08
12 Mrs L H Guthrie	750,000	3.08
13 Mr N G Mills	771,800	3.17
14 Mrs J M LeMessurier	500,000	2.06
15 Mr P A Mariani	500,000	2.06
16 H H Sutton Nominees Pty Ltd	457,500	1.88
17 Martin Place Securities Pty Ltd	457,500	1.88
18 Mr J Cook	399,800	1.64
19 Mr J W Wannan	360,000	1.48
20 FOA Pty Ltd	350,000	1.44
	<hr/> 18,886,600	<hr/> 77.64 <hr/>

LabTech Systems Ltd

ACN 107 670 673

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(g) 20 Largest \$0.10 Optionholders – \$0.10 Options as at 31 August 2005

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Options
1 Mrs D M O Evans	2,000,000	12.04
2 Mr H B Guthrie & Mrs L H Guthrie	2,000,000	12.04
3 Medvet Science Pty Ltd	2,000,000	12.04
4 Mr D P LeMessurier	1,250,000	7.53
5 Kytron Pty Ltd	1,230,000	7.41
6 SDP Technology Ltd	1,000,000	6.02
7 College Park Investments	1,000,000	6.02
8 First Avenue Investments Pty Ltd	1,000,000	6.02
9 Palpet Pty Ltd	1,000,000	6.02
10 Mrs L H Guthrie	750,000	4.52
11 Mr R G Pank	750,000	4.52
12 Mrs J M LeMessurier	500,000	3.01
13 Mr P A Mariani	500,000	3.01
14 Emu Cards Pty Ltd	450,000	2.71
15 FOA Pty Ltd	350,000	2.11
16 Dr A P Porter and Mr T R Porter	200,000	1.20
17 Pagra Holdings Pty Ltd	160,000	0.96
18 Mrs K J Blenkinsop	150,000	0.90
19 Mr B D & Mrs D A Grogan	100,000	0.60
20 LeMessurier Holdings Pty Ltd	100,000	0.60
	<hr/> 16,490,000	<hr/> 99.28

LabTech Systems Ltd

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(h) 20 Largest \$0.15 Optionholders – \$0.15 Options as at 31 August 2005

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Options
1 Mr N G Mills	759,800	9.85
2 H H Sutton Nominees Pty Ltd	457,500	5.93
3 Martin Place Securities Pty Ltd	457,500	5.93
4 Mr J Cook	399,800	5.18
5 Mr J W Wannan	360,000	4.67
6 Mr D M O Evans	320,000	4.15
7 Emu Cards Pty Ltd	300,000	3.89
8 Finta Pty Ltd	275,000	3.57
9 Kevin Wyld Financial Services Pty Ltd	240,000	3.11
10 Rocklea Estate Pty Limited	200,000	2.59
11 Super 1136 Pty Ltd	160,000	2.07
12 Australian Structured Finance & Investments Services Pty Ltd	150,000	1.94
13 Australorp Superannuation Fund	150,000	1.94
14 M S Newnham	150,000	1.94
15 Indaba Pty Ltd	140,000	1.82
16 Indigold Pty Ltd	140,000	1.82
17 Jax Tyres	140,000	1.82
18 Dr A P Porter & Mr T R Porter	140,000	1.82
19 Westglade Pty Ltd	140,000	1.82
20 Mr M J Evans	120,000	1.56
	5,199,600	67.42

LabTech Systems Ltd

ACN 107 670 673

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(i) Voting Rights

The voting rights attached to each class of security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options expiring 30 June 2012 with an exercise price of 10 cents

- These options have no voting rights.

Options expiring 30 June 2013 with an exercise price of 15 cents

- These options have no voting rights.

2. The name of the company secretary is Mr Douglas Peter LeMessurier.
3. The address of the registered office is 253 Sturt Street, Adelaide SA 5000, telephone (08) 8231 5877.

The address of the principal place of business is Suite 7, 114 Rundle Street, Kent Town SA 5067, telephone (08) 8363 1159.
4. Register of securities is held at ASX Perpetual Registrars Limited, Level 22, 300 Queen Street, Brisbane Qld 3000.