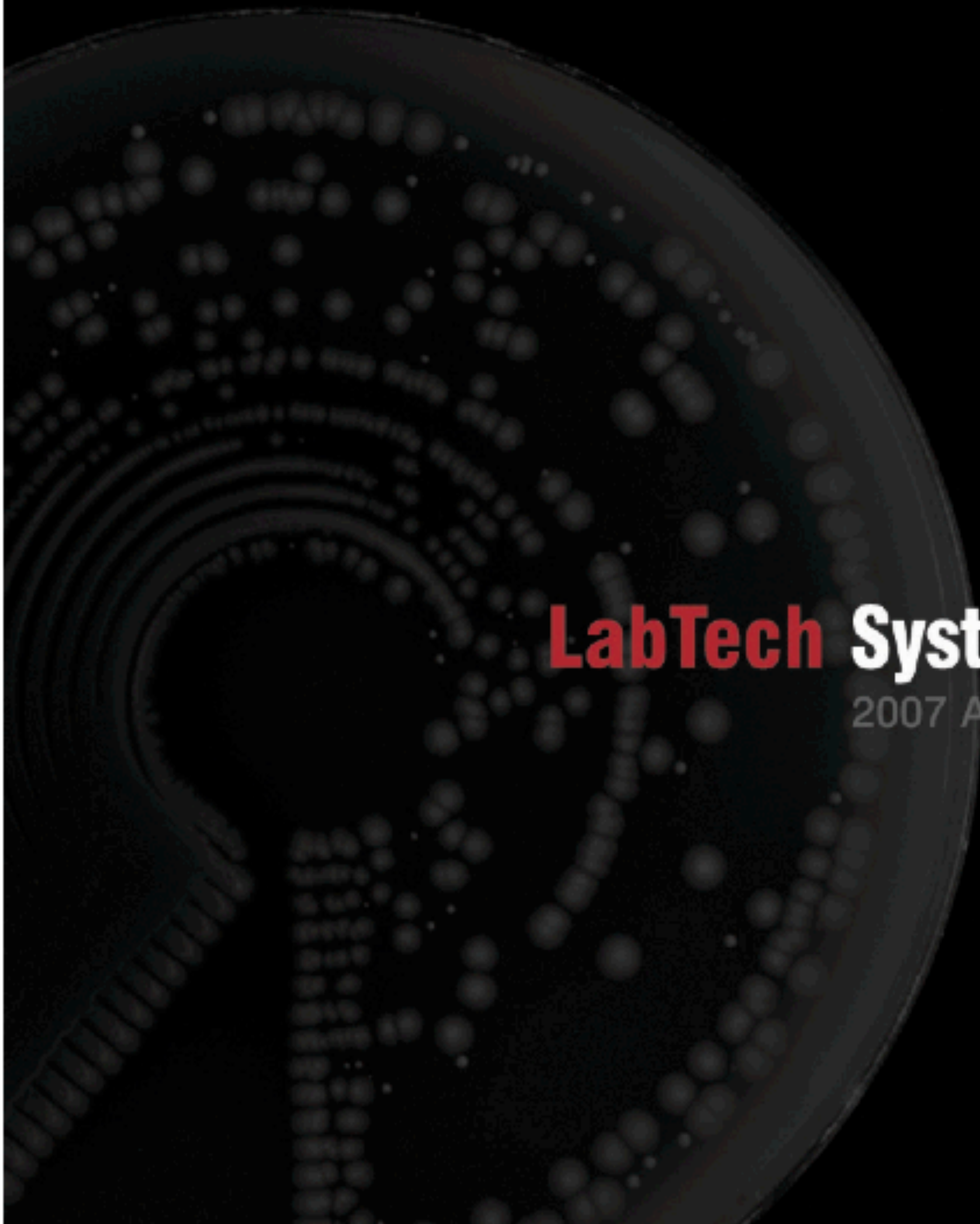

LabTech Systems Ltd

2007 Annual Report

Contents

Corporate Directory

Directors
Robert Andrew Finder - Chairman
Lusia Halina Guthrie - Chief Executive Officer and Managing Director
Douglas Peter LeMessurier
Catherine Mary Costello
Paul Andrew Mariani
Stephen Paul Mathwin

Company Secretary
Jamie Todd Dreckow

Principal Place of Business
Suite 3, 114 Rundle Street
Kent Town SA 5067

Registered Office
4 - 8 Angas Street
Kent Town SA 5067

Accountants
Edwards Marshall Pty Ltd
4 - 8 Angas Street
Kent Town SA 5067

Lawyers
Thomson Playford
101 Pirie Street
Adelaide SA 5000

Auditors
HLB Mann Judd
82 Fullarton Road
Norwood SA 5067

Share Register
Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide SA 5001
Australia

Listed Securities
LBT: Ordinary Shares
LBTO: Class B Options expiring 30 June 2013 exercisable at 20 cents
LBTOA: Class C Options expiring 30 June 2013 exercisable at 20 cents

Chairman's Letter

LabTech Systems has had an exceptional year in its first year of reporting on the ASX. Going from a small start-up to a company in a strong financial position with a profit after tax of $965,338 LabTech Systems has achieved some major milestones that would be the envy of other, young companies. These include the establishment of a commercialisation deal with a major international partner, a relationships with two of Australia's leading product development companies, and an AusIndustry grant worth $2.14M. Most importantly LabTech Systems plans to launch its patented MicroStreak® product internationally in 2008, heralding an even stronger year going forward as a global provider of health services technologies.

THE YEAR IN REVIEW

It was with pleasure that I accepted the appointment of Non-Executive Chairman of LabTech Systems on 23 April, 2007. I came on board during a year which saw the company grow and develop to the point where it is about to launch its technology onto the lucrative international diagnostic laboratory market.

The launch will be a major milestone that is part of LabTech System's vision to revolutionise the microbiology testing industry through the development, commercialisation and promotion of new automation technologies. Worldwide, microbiology labs are struggling to cope with workloads that are escalating due to an ageing and growing population, more thorough management of acute and chronic illness, as well as a future skills shortage of laboratory technicians.

It is in this market of growing need for automation that LabTech Systems aims to make its mark with its patented MicroStreak technology. As mentioned in the 2006 Annual Report, LabTech Systems initial focus is the development of the MicroStreak® technology for the automation of routine agar plate processing, applicable for global use in diagnostic microbiology labs covering a wide range of areas such as clinical pathology, veterinary, food, water and environmental testing.

On 31 July, 2006 under the Technology Development Agreement, LabTech Systems contracted Melbourne-based technology development company, Invetech Pty Ltd, to undertake detailed design and development of MicroStreak® through to production.

With Mrs Lusia Guthrie as Chief Executive Officer and Managing Director (appointed on 1 September, 2006) LabTech Systems signed a Heads of Agreement on 12 September 2006 with the French company, bioMérieux, to enter into an exclusive negotiation period for the worldwide rights to MicroStreak®. bioMérieux is a leading international diagnostics group that specialises in the field of *in vitro* diagnostics.

Two months later, on 18 April, LabTech Systems achieved what many other companies would covet - an exclusive worldwide licence agreement for MicroStreak® technology with bioMérieux that will see the technology sold under the bioMérieux name and trademarks worldwide on an exclusive basis. LabTech Systems can expect to receive up to 7 million Euros in licensing and milestone payments, with further revenue potentially derived from royalty payments on applicator sales.

In recognition of the importance of LabTech Systems technology to Australia's potential export market, the company was awarded an AusIndustry Commercial Ready Grant of $2.14M to support and develop the commercialisation of MicroStreak®.

Throughout the year LabTech Systems has undertaken some major revenue raising. On 7 November, 2006 the company offered a Placement to its significant investors, raising $1.26M via the issue of approximately 9 million shares at the price of $0.14 per share. On the same day the company announced a Share Purchase Plan available to shareholders on 16 November at $0.15 per share, raising $613,000 through the purchase of approximately 4 million new shares.

Three months later, on 16 February, 2007, LabTech Systems announced a Placement at the price of $0.26 per share to sophisticated and institutional investor clients of Paradigm Capital Pty Ltd, issuing approximately 9 million fully paid ordinary shares raising $2.3M.

Following the Heads of Agreement deal with bioMérieux, LabTech Systems executed a subscription agreement to issue approximately 9 million ordinary shares at a price of $0.22 per share to bioMérieux. This placement was completed on 9 May, 2007.

In further developments, LabTech Systems entered into a Technology Development Agreement with Invetech for the development of a further version of the instrument based on MicroStreak®. On 3 May 2007, the company also signed a Manufacturing Technology Development Agreement with Melbourne company, Leica BioSystems (formerly Vision BioSystems)– a company that provides contract services for the manufacturing of laboratory instrumentation and other technological products. Under the terms of the agreement, Leica BioSystems will establish product manufacturing of MicroStreak®.

The growth of LabTech Systems during this past year has been aided by the appointment of Jamie Dreckow as Company Secretary and Stephen Mathwin as Director. Graeme Cross joined the company as MicroStreak® Program Manager.

MicroStreak® is planned to be launched globally in 2008 and will be sold under the bioMérieux name and trademarks worldwide on an exclusive basis.

LabTech Systems will continue its program of marketing, scientific and engineering validation of MicroStreak® to ensure that the required technical and regulatory specifications for global markets are met. In addition, the company will continue to rigorously pursue the protection of MicroStreak® through its Intellectual Property Portfolio Management.

Going forward, the company aims to further develop MicroStreak® and to leverage it in other fields. The company will also investigate the potential for investing in new technologies.

LabTech Systems is in a unique position as developer of a technology that could revolutionise the microbiology/diagnostic laboratory services market. With a major commercial partner and a global product launch that will raise the company’s profile internationally, we expect 2008 to be a landmark year for LabTech Systems.

Yours sincerely

Bob Finder
Chairman

21 September 2007

LabTech Systems Ltd
ACN 107 670 673

Financial Statements

LABTECH SYSTEMS LTD
ACN 107 670 673
CORPORATE GOVERNANCE STATEMENT

During the financial year, the Board implemented policies and practices to comply with the ASX Corporate Governance Council principles and recommendations, except where otherwise identified in this statement.

The Board of Directors

The board is responsible for the governance of the company and guides and monitors the business and affairs of LabTech Systems Ltd on behalf of the Shareholders to whom it is accountable. To ensure the board is well-equipped to discharge its responsibilities it has established governance policies and practices for its own operations.

Board Composition

The board has adopted the following principles in respect of board composition:

- the board is to be comprised of non-executive directors with the exception of the Chief Executive Officer and Managing Director. Non-executive directors bring a wider perspective to the board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- in recognition of the importance of independent views the Chairman must be an independent non-executive director and all directors are required to bring independent judgement to bear in their board decision-making. During the year Mr Bob Finder was appointed Chairman of the company in order to comply with this independence principle. He replaced Mr Peter LeMessurier who is a substantial shareholder and who continues on the board as a non-executive director
- the Chairman is elected by the full board and is required to meet regularly with the Chief Executive Officer and Managing Director
- the Company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience
- directors are not required to hold shares in the Company but are encouraged to do so
- the board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness.

Responsibilities

The responsibilities of the board include:

- contributing to the development of and approving the corporate strategy
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- overseeing and monitoring:
    - organisational performance and the achievement of the Company's strategic goals and objectives
    - compliance with the Company's code of conduct
    - progress of significant corporate projects

- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's external auditors
- appointment, performance assessment and, if necessary, removal of the Chief Executive Officer and Managing Director
- ratifying the appointment and/or removal and contributing to the performance assessment of the Chief Financial Officer (CFO) the Company Secretary, and other executives reporting directly to the Chief Executive Officer and Managing Director.
- ensuring the risks facing the Company have been identified, and appropriate and adequate control, monitoring, accountability and reporting mechanisms are in place
- enhancing and protecting the reputation of the Company
- reporting to shareholders and protecting their interests.

Board Members

Details of the members of the board, their experience, expertise, qualification, term of office and independent status are set out in the directors' report under the heading "information on directors". There are four independent non-executive directors , one non-executive and one executive director at the date of signing the directors' report.

In addition the board seeks to the ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective and the ability to add value to the board's deliberations on current and emerging issues
- the size of the board is conducive to effective discussion and efficient decision making.

Directors' Independence

The board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- within the last three years not employed in an executive capacity by the Company
- within the last three years not a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided
- not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- have no material contractual relationship with the Company other than as a director of the Company
- not been on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or relevant supplier or customer is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

Non-executive Directors

The board has recently adopted a practice where non-executive directors meet during the year, in a scheduled session without the presence of management, to discuss the operation of the board and a range of other matters. Relevant matters arising from these meetings are shared with the full board.

Term of Office

The Company's Constitution specifies that one third of all directors (with the exception of the Chief Executive Officer and Managing Director) must retire from office at each annual general meeting (AGM). Where eligible, a director may stand for re-election subject to the limitation that on attaining the age of 72 years the director will retire, by agreement, at the next AGM and will not seek re-election.

Chairman and Managing Director and Chief Executive Officer

The Chairman is responsible for leading the board, ensuring that board activities are organised and efficiently conducted and for ensuring directors are properly briefed for meetings. The Chief Executive Officer and Managing Director is responsible for implementing Company strategies and policies.

Commitments

The board normally holds at least eleven scheduled board meetings and an additional corporate strategy workshop during the year. Additional board meetings are held at short notice if required to consider urgent matters.

Non-executive directors are expected to spend at least twenty days a year preparing for and attending board and committee meetings and associated activities.

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2007, and the number of meetings attended by each director is disclosed on page 26.

It is the Company's practice to allow the Chief Executive Officer and Managing Director to accept appointments outside the Company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2007. The Managing Director continues as a director of Oncaidia Ltd.

The commitments of non-executive directors are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Conflict of Interests

Directors are expected to inform the board of any potential conflicts of interest.

Independent Professional Advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Performance Assessment

The board has recently adopted a policy to review its own performance and that of the committees, annually. The first review will be held in the 2008 financial year.

Corporate Reporting

The Chief Executive Officer and Managing Director and CFO have made the following certifications to the board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company

- that the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the board and that the Company's risk management and internal controls are operating efficiently and effectively in all material respects.

This certification was performed for the year ended 30 June 2007.

Board Committees

The board has established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. These committees are the Nominations and Remuneration Committee and Audit Committee. Both committees are comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. These charters are reviewed on an annual basis. All matters determined by committees are submitted to the full board as recommendations for board decision.

Minutes of committee meetings are tabled as soon as practicable at subsequent board meetings. Additional requirements for specific reporting by the committees to the board are addressed in the charter of the individual committees.

Nominations and Remuneration Committee

The current members of the Nominations and Remuneration Committee are as follows:

D P LeMessurier (Chairman)
R A Finder (Non-Executive Director)
P A Mariani (Non-Executive Director)

Details of the directors' qualifications, experience and attendance at Committee meetings are set out in the directors' report.

The Nominations and Remuneration Committee operates in accordance with its charter. The Committee advises the board on suitable candidates for the position of director. When the need for a new director is identified or an existing director is required to stand for re-election, the Committee reviews the range of skills, experience and expertise on the board, identifies the needs and prepares a short-list of candidates. Where necessary, advice is sought from independent search candidates. The Committee also reviews the remuneration for directors including directors' participation in the Company's Executive Options Plan. New directors are provided with a letter of appointment setting out their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a comprehensive, formal induction program which covers financial, strategic, operations and risk management issues as well as expectations for director behaviour.

The Committee advises the board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the Chief Executive Officer and Managing Director and other senior executives. The Company's remuneration practices are disclosed in greater detail in the remuneration report included in the directors' report.

Each senior executive has an employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific position description.

Expertise in specific areas (eg marketing) is provided by consultants to the company, engaged under consultancy agreements detailing duties, responsibilities and fees.

Director and Executive remuneration and other terms of employment are reviewed annually by the committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice.

Further information on directors' and executives' remuneration is set out in the directors' report and note 19 to the financial statements.

Audit Committee

The current members of the Audit Committee are as follows:

C M Costello (Chairman)
S P Mathwin (Non-Executive Director)

Details of the directors' qualifications, expertise, experience and attendance at audit committee meetings are set out in the directors' report.

The Chairman of the Audit Committee does not have specific qualifications in accounting or finance. Nonetheless, the board is satisfied that the Audit Committee has appropriate financial expertise and that members have a working knowledge of the finances of the Company.

The Audit Committee operates in accordance with a charter. The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half-year financial report and all other financial information published by the Company or released to the Australian Securities Exchange (ASX)
- assist the board in reviewing the effectiveness of the Company's internal control environment covering:
    - reliability of financial reporting
    - effectiveness and efficiency of operations
    - compliance with applicable laws and regulations
- recommend to the board the appointment, removal and remuneration of the external auditor, and review the terms of their engagement, the scope and quality of the audit and assess their performance
- consider the independence and competence of the external auditor on an ongoing basis

- review and approve the level of non-audit services provided by the external auditor and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee:

- receives regular reports from management and the external auditor
- meets with the external auditor at least twice a year or more frequently if necessary
- requires the Chief Executive Officer and Managing Director and CFO to state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition, operational results and are in accordance with relevant accounting standards
- reviews any significant disagreements between the external auditor and management, irrespective of whether they have been resolved
- meets separately with the external auditor at least once a year without the presence of management
- provides the external auditor with a clear line of direct communication at any time to either the Chairman of the committee or the Chairman of the board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External Auditors

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The current audit engagement partner was introduced for the audit for the year ended 30 June 2005, and in accordance with the transitional provisions of the five year rotation requirement, will rotate off the engagement at the conclusion of the 30 June 2010 audit.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Director's Report. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The external auditor is requested to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Assessment and Management

The board is responsible for ensuring there are adequate policies in relation to overseeing and managing risk and internal control systems. The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Company's objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

Adherence to the code of conduct is required at all times and the board actively promotes a culture of quality and integrity.

The Company's risk management policy is approved by the board.

The board holds an annual corporate strategy workshop attended by the board and key managers and consultants. This reviews the Company's strategic direction in detail and includes specific focus on the identification of the key business and financial risks which could prevent the Company from achieving its objectives.

In addition the board requires that each major proposal submitted to the board for decision be accompanied by a comprehensive risk assessment and, where required management's proposed mitigation strategies.

Code of Conduct

The Company has a Code of Conduct which recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Code requires that at all times all Company personnel act with integrity, objectivity and in compliance with the spirit of the law and Company policies.

Under the Company's trading policy, the purchase and sale of Company securities by directors and employees is only permitted in defined trading windows following the release of the half-yearly and annual financial results to the market and the Company's AGM.

The Code of Conduct and the Company's trading policy are provided to each new employee as part of their induction training and all employees are required to comply with them.

Continuous Disclosure and Shareholder Communication

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

When analysts are briefed on aspects of the Company's operations, the material used in the presentation is either specifically released to the ASX before the presentation or is already publicly available information. In the event that any price sensitive information has been inadvertently disclosed, this information is also immediately released to the ASX.

All shareholders receive a copy of the Company's annual and half yearly reports. All recent Company announcements, media releases, details of Company meetings, and financial reports are available on the Company's website, www.labtechsystems.com. The website also provides a mechanism for shareholders to communicate with the Company through electronic means.

Use of Cash and Assets in a form readily Convertible to Cash

In accordance with ASX listing rule 4.10.19 the company confirms that during the reporting period, it has used cash and assets in a form readily convertible to cash at admission time in a manner consistent with its business activities.

LABTECH SYSTEMS LTD
ACN 107 670 673
DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2007.

Directors

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

Robert Andrew Finder – *Appointed 23 April 2007*
Lusia Halina Guthrie – Chief Executive Officer and Managing Director
Douglas Peter LeMessurier
Catherine Mary Costello
Paul Andrew Mariani
Stephen Paul Mathwin – *Appointed 15 November 2006*

Back Row: Paul Andrew Mariani Stephen Paul Mathwin, Jamie Todd Dreckow,
Douglas Peter LeMessurier, Catherine Mary Costello
Seated: Lusia Halina Guthrie, Robert Andrew Finder

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

Company Secretary

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

Jamie Todd Dreckow – Chartered Accountant. Mr Dreckow was appointed company secretary on 11 December 2006.

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 profit / (loss) of the company for the year ended 30 June 2007 after tax was $965,338 (2006 ($417,798)).

Dividends Paid or Recommended

There were no dividends paid or recommended to be paid.

Review of Operations

LabTech Systems Ltd listed on the Australian Securities Exchange (ASX) on 31 July 2006. Funds from the capital raising were used to continue development of MicroStreak®. In September 2006 the company signed a Development Agreement with Invetech Pty Ltd. Under the terms of the agreement Invetech will finalise design specifications, build beta prototypes and assist in design verification of MicroStreak® in readiness for commercial production.

On 15 March the company announced it had been awarded $2.14M under the AusIndustry Commercial Ready Grant programme to support the development and commercialisation of its laboratory instrumentation, MicroStreak®.

In April 2007 the company entered into an exclusive worldwide licence agreement for MicroStreak® with bioMérieux, a leading international diagnostics group that specialises in the field of *in vitro* diagnostics. Under the terms of the agreement MicroStreak® will be sold under the bioMérieux name and trademarks worldwide, on an exclusive basis.

In May 2007 the company signed another Technology Development Agreement with Invetech for the development of a second model instrument built on LabTech Systems' MicroStreak® core technology.

Also in May, the company signed a Manufacturing Technology Development Agreement with Vision BioSystems, a company providing a contract manufacturing service for assembly and packaging of laboratory equipment. Under the terms of the agreement, Vision BioSystems will establish product manufacturing of MicroStreak®.

Financial Position

The net assets of the company have increased by $10,553,395 from $1,584,213 in 30 June 2006 to $12,137,608 in 2007. The increase has resulted from the following factors:

- Ongoing operating expenditure by the company as it proceeds to the commercialisation of MicroStreak®.
- Issued capital increased to $11.797M. A number of share placements were made during the year including a strategic placement with bioMérieux of $2.15M
- Applications from the Placement announced on 7 November 2006 totalling $1,263,982 being recognised as equity.
- Applications from the Share Purchase Plan announced on 7 November 2006 totalling $613,255 being recognised as equity.
- Applications from the Placement announced on 16 February 2007 totalling $2,349,897 being recognised as equity.
- The company continued to outlay expenditure on securing and ongoing development of MicroStreak®.
- Awarded a grant of $2.14M under the AusIndustry Commercial Ready Grant programme.

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 2007:

- On 31 July 2006 the company contracted Invetech Pty Ltd to undertake detailed design of MicroStreak under an agreement for Concept Development Prototype (CDP) Design.
- On 22 August 2006 the company appointed Howard J. Smith of BR Market Access Ltd (UK) as a consultant to advise the company on market opportunities in the United Kingdom.
- On 1 September 2006 Mrs L H Guthrie, in her position as Chief Executive Officer and Managing Director, became an employee of LabTech Systems Ltd.
- On 12 September 2006 LabTech signed a Development Agreement with Invetech Pty Ltd. The terms of the agreement address the finalisation of design specifications, building of beta prototypes and assistance in the design verification of MicroStreak® in readiness for commercial production.
- A Placement to significant investors was announced on 7 November 2006. The placement raised $1,263,983 via the issue of 9,028,445 new shares at the price of $0.14 per share.
- On 7 November 2006 the company announced a Share Purchase Plan (SPP) at the price of $0.14 per share to shareholders on the company's share register on 16 November 2006. On 14 November 2006 the company announced that the purchase price would be changed to $0.15 per share. The SPP raised $613,255 through the purchase of 4,088,366 new shares at the price of $0.15 per share.
- Stephen Paul Mathwin was appointed as a director on 15 November 2006.

- On 27 November 2006 Paul James Mansfield resigned as company secretary with effect from 15 December 2006.
- On 11 December 2006 Jamie Todd Dreckow was appointed as company secretary.
- On 20 December 2006 the company announced the change of the company's registered address from 253 Sturt St, Adelaide, South Australia 5000 to Angas House, 4-8 Angas St, Kent Town, South Australia 5067.
- On 15 February 2007 the company signed a Heads of Agreement with bioMérieux to enter into an exclusive negotiation period for the worldwide rights to MicroStreak®.
- On 16 February 2007 the company announced a Placement at the price of $0.26 per share to sophisticated and institutional investor clients of Paradigm Capital Pty Ltd. On 22 February 2007 the company announced that it had issued 9,038,065 fully paid ordinary shares at 26 cents per share to raise $2,349,897.
- On 15 March 2007 the company announced that it had been awarded $2.14M under the AusIndustry Commercial Ready Grant programme to support the development and commercialisation of MicroStreak®.
- On 18 April 2007 the company entered into an exclusive worldwide licence agreement with for MicroStreak® with bioMérieux, a leading international diagnostics group that specialises in the field of *in vitro* diagnostics. Under the terms of the agreement MicroStreak® will be sold under the bioMérieux name and trademarks worldwide, on an exclusive basis.
- Robert (Bob) Finder was appointed as Non-Executive Chairman on 23 April 2007.
- On 30 April 2007 LabTech Systems executed a subscription agreement and proposed to issue 9,772,727 ordinary shares at a price of $0.22 per share to bioMérieux. This placement was completed on 9 May 2007.
- On 3 May 2007 the company entered into a Technology Development Agreement with Invetech for the development of a second model instrument built on LabTech Systems' MicroStreak® core technology.
- On 3 May 2007, the company signed a Manufacturing Technology Development Agreement with Vision BioSystems, a company providing a contract manufacturing service for assembly and packaging of laboratory equipment. Under the terms of the agreement, Vision BioSystems will establish product manufacturing of the MicroStreak instrumentation.

After Balance Date Events

- On 30 July 2007 LabTech Systems announced the change of its administration office address from Suite 7, 114 Rundle St, Kent Town, South Australia 5067 to Suite 3, 114 Rundle St, Kent Town, South Australia 5067.

Future Developments, Prospects and Business Strategies

LabTech Systems' focus is the global commercialisation of MicroStreak® which is being designed to address needs created by escalating workloads in microbiology laboratories worldwide.

LabTech Systems Ltd has a strong focus on qualitative and quantitative global market research to understand its target market. Understanding the market's motivation for change is critical to the success of MicroStreak®.

During 2007, scientific, engineering and marketing validation has and will continue to be undertaken, involving rigorous testing by the team's scientists, engineers and technicians to ensure that the required technical and regulatory specifications are met for global markets. The company also has a strong focus on Intellectual Property Portfolio Management.

MicroStreak® will be launched globally in 2008. It will be sold under the bioMérieux name and trademarks worldwide, and on an exclusive basis.

MicroStreak® will continue to be further developed by LabTech Systems and bioMérieux. LabTech Systems also has a strong focus on leveraging MicroStreak® in other fields and also in the investment in new technologies.

Environmental Issues

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

Information on Directors

Robert Andrew Finder

Qualifications

Bachelor of Science Chemical Engineering from the University of Detroit

Experience

Bob has more than 30 years experience in the international pharmaceutical and chemical industries, and he has recently retired as Chief Executive Officer of Novozymes GroPep Limited, the Australian subsidiary of Novozymes, a global biotechnology company. Bob was Managing Director and Chief Executive Officer of GroPep before the Novozymes acquisition from 2002-6.

Prior to joining GroPep in 2002, Mr Finder was President and Chief Operating Officer of Mayne Pharma – Americas and Asia Pacific. In this role, Mr Finder was responsible for the commercial activities for the Americas and Asia Pacific region as well as for global research and development for Mayne Pharma. Mayne Pharma evolved from Mayne's acquisition of F H Faulding, where Bob was President and Chief Operating Officer of Faulding Pharmaceuticals – Asia Pacific.

Prior to Faulding, Bob's roles included Vice President Manufacturing for Ecogen Inc, in Pennsylvania, Director Manufacturing for Rhone-Poulenc (USA) and Managing Director of Monsanto Chemicals in Thailand. He is a Member of the Australian Institute of Company Directors and the American Institute of Chemical Engineers

Interest in Shares	Nil
Interest in Options	Nil
Third Party Holdings	Nil
Directorships held in other listed entities	Nil

Information on Directors (Cont.)

Lusia Halina Guthrie

Qualifications

Masters Degree Science and Technology Commercialisation (University of Adelaide) and Bachelor of Applied Science in Medical Technology (University of South Australia)

Experience

Commencing her professional career as a Hospital Scientist and Laboratory Manager, Lusia then joined the pharmaceuticals industry. She has executive level operations and manufacturing management experience with a major international pharmaceutical company. Areas of expertise include product development, production and supply chain management, project management, industrial relations and regulatory compliance. Recently, Lusia worked in intellectual property management and commercialisation for a leading Adelaide research institute.

Lusia has completed the Australian Institute of Company Directors program and has held several non-executive board appointments. She is a director of public company, Oncaidia Ltd, recently served as a member of the Manufacturing Consultative Council for the State Government of South Australia.

Interest in Shares	4,583,334 Ordinary Shares 1,375,000 Class A Options
Interest in Options	Nil
Third Party Holdings	Nil
Directorships held in other listed entities	Nil

Information on Directors (Cont.)

Douglas Peter LeMessurier

Qualifications

Sharebroker

Experience

Peter has held positions as State Manager of D & D Tolhurst Ltd – South Australia, a national share broking firm, and as a director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee). Peter is a former board member of the Royal Adelaide Hospital Inc.

Peter is a past Commissioner of the South Australian Lotteries Commission (past Chair of the Audit Committee) and past Member of the Audit Committee. Peter is a co-founder and past Chairman of LabTech Systems and is, Chairman of Vet Biotechnology Ltd, SDP Technology Ltd, Oncaidia Ltd, Ascend Asset Management Ltd and was a director of GTL Energy Ltd.

Interest in Shares	2,083,334 Ordinary Shares
Interest in Options	625,000 Class A Options 250,000 Class F Options
Third Party Holdings	
Palpet Pty Ltd	1,666,667 Ordinary Shares 1,500,000 Class A Options
First Avenue Investments Pty Ltd	1,666,667 Ordinary Shares 500,000 Class A Options
College Park Investments Pty Ltd	1,666,667 Ordinary Shares 500,000 Class A Options
SDP Technology Ltd	1,666,667 Ordinary Shares 500,000 Class A Options
Kytron Pty Ltd	2,133,334 Ordinary Shares 590,000 Class A Options
Directorships held in other listed entities	Current Chairman of Vet Biotechnology Limited (since 23 July 2005)

Information on Directors (Cont.)

Catherine Mary Costello

Qualifications

Bachelor of Law (Melbourne)

Experience

Kate was in management with a commercial law firm before establishing a management consultancy. Kate has over 20 years experience in corporate governance and strategy through her consulting work with the boards of client organisations, her directorships and her previous involvement as a facilitator in the Company Directors' Course offered by the Australian Institute of Company Directors.

Kate's board experience includes directorships in South Australian Totalizator Agency Board, Australian Central Credit Union Ltd, Festival City Broadcasters Ltd and Chairmanship of Saab Intelligent Transport Systems Ltd and Bassett Consulting Engineers. She is currently a director of Integrated Research Ltd, Oncaidia Ltd and Saab Systems and a member of the Independent Selection Committee and University of Adelaide.

Interest in Shares	Nil
Interest in Options	250,000 Class F Options
Third Party Holdings Costello Consulting Pty Ltd	 750,000 Class B Options
Directorships held in other listed entities	Integrated Research Ltd

Information on Directors (Cont.)

Paul Andrew Mariani

Qualifications

Bachelor of Science (California)

Experience

Paul was a Commissioned Officer in the US Army from 1968 to 1970. He was Chief Executive officer and Chairman of dried fruit processor, Angas Park Fruit Company and has vast experience in the US and South Pacific markets in fruit processing, agriculture and dried meat processing. Paul also has experience in community hospitals and various charitable organisations. He was a director of public companies Vet Biotechnology Ltd, SDP Technology and APOMAD Ltd.

Interest in Shares	Nil
Interest in Options	Nil
Third Party Holdings Mr & Mrs Mariani as trustee for the Paul Mariani Superannuation Fund	833,334 Ordinary Shares 250,000 Class A Options
Directorships held in other listed entities	Nil

Information on Directors (Cont.)

Stephen Paul Mathwin

Qualifications

Law Degree – University of Adelaide

Experience

Stephen has more than 30 year's experience as a legal practitioner, including being a partner with the Adelaide law firm Kelly & Co from 1988 to 2001. In that time he headed the firm's Employment, Industrial Law and Superannuation sections. He was also responsible for managing much of Kelly and Co's internal risk management functions. Stephen remains a consultant to the firm.

Stephen is Deputy Chair and Chairman of the Investment Committee of Non Government Schools (NGS) Superannuation Fund, a fund of in excess of $3 billion. He is also the Chairman of Brown Wood Panels Pty Ltd and Poly Products Co Pty Ltd, a Director of the McArthur Management Group of Companies, Albox Australia Pty Ltd and Paragon Equity Limited.

Interest in Shares	Nil
Interest in Options	500,000 Class E Options
Third Party Holdings	
Ruin Pty Ltd as trustee for the	925,000 Ordinary Shares
Steve Mathwin Superannuation Fund	150,000 Class C Options
Directorships held in other listed entities	Nil

Remuneration Policy

The Remuneration Policy of LabTech Systems Ltd (LBT) 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 LBT'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 non-executive and executive directors and other senior executives, was developed by the Remuneration Committee.

The Remuneration Policy has been tailored to increase goal congruence between shareholders and directors and executives with:

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

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

Executive Terms & Conditions

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

The Nomination and 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 decide changes to the Nomination and 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.

As part of 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 executives of the business and shareholders.

Key Performance Indicators – KPI's:

- Are set annually by the board on recommendation from Nomination and Remuneration Committee. The measures are specifically tailored to the responsibility areas in which the director / executive is directly involved.
- 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 company 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 Nomination and 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.

Superannuation

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.

Non-executive Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and 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.

Shares & Options

Shares given to directors and executives are valued at their fair value on the date granted based on market prices. Options given to directors and executives are valued at their fair value using the Binomial option pricing model.

Performance Based Remuneration

Details of Remuneration for Year Ended 30 June 2007

The remuneration for each key management person of the company during the year was as follows:

	Salary, Fees & Commissions	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Shares	Options	Total
	$	$	$	$	$	$	$
Mr R A Finder	1,747	13,551	-	-	-	-	15,298
Mr D P LeMessurier	70,883	6,379	-	-	-	431	77,693
Mrs L H Guthrie	188,038	96,388	45,000	-	-	-	329,426
Mr P A Mariani	42,500	3,825	-	-	-	-	46,325
Mrs C M Costello	50,000	4,500	-	-	-	431	54,931
Mr S P Mathwin	27,986	2,519	-	-	-	2,127	32,632
	381,154	127,162	45,000	-	-	2,989	556,305

Options Issued as part of remuneration for the year ended 30 June 2007

	Granted Number	Options granted as part of Remuneration	Total Remuneration represented by Options	Options exercised	Options lapsed	Total
		$	%			$
Mr R A Finder	-	-	-	-	-	-
Mr D P LeMessurier	250,000	431	0.6	-	-	431
Mrs L H Guthrie	-	-	-	-	-	-
Mr P A Mariani	-	-	-	-	-	-
Mrs C M Costello	250,000	431	0.8	-	-	431
Mr S P Mathwin	500,000	2,127	6.5	-	-	2,127
	1,000,000	2,989		-	-	2,989

Details of Remuneration for Year Ended 30 June 2006

The remuneration for each key management person of the company during the year was as follows:

	Salary, Fees & Commissions	Superannuation Contributions	Cash Bonus	Non-Cash Benefits	Shares	Options	Total
	$	$	$	$	$	$	$
Mr R A Finder	-	-	-	-	-	-	-
Mr D P LeMessurier	-	-	-	-	-	-	-
Mrs L H Guthrie	150,000						150,000
Mr P A Mariani	-	-	-	-	-	-	-
Mrs C M Costello	-	-	-	-	-	51,000	51,000
Mr S P Mathwin	-	-	-	-	-	-	-
	150,000	-	-	-	-	51,000	201,000

Options Issued as part of Remuneration for the year ended 30 June 2006

	Granted No.	Options granted as part of Remuneration	Total Remuneration represented by Options	Options exercised	Options lapsed	Total
			%			$
Mr R A Finder	-	-	-	-	-	-
Mr D P LeMessurier	-	-	-	-	-	-
Mrs L H Guthrie	-	-	-	-	-	-
Mr P A Mariani	-	-	-	-	-	-
Mrs C M Costello	750,000	51,000	100	-	-	51,000
Mr S P Mathwin	-	-	-	-	-	-
	750,000	51,000		--	-	51,000

Meetings of Directors

During the period to 30 June 2007, 11 meetings of directors were held. Attendances by each directors during the reporting period were:

	Number Eligible to attend	Number attended
Mr R A Finder	3	3
Mr D P LeMessurier	10	9
Mrs L H Guthrie	10	10
Mr P A Mariani	10	7
Mrs C M Costello	10	9
Mr S P Mathwin	8	6

During the period to 30 June 2007, 3 meetings of the Audit Committee were held. Attendances by each member during the reporting period were:

	Number Eligible to attend	Number attended
Mrs C M Costello	3	3
Mrs L H Guthrie	3	3
Mr S P Mathwin	3	3

During the period to 30 June 2007, 0 meetings of the Nomination and Remuneration Committee were held. Attendances by each member during the reporting period were:

	Number Eligible to attend	Number attended
Mr R A Finder	0	0
Mr D P LeMessurier	0	0
Mr P A Mariani	0	0

Option Details

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

Class	Date of Expiry	Exercise Price	Number of Options	No of Shares due on Conversion
A	30/06/2012	$0.20	8,045,000	13,408,333
B	30/06/2013	$0.20	6,114,350	10,190,583
C	30/06/2013	$0.20	18,835,000	18,835,000
D	17/04/2012	$0.14	702,369	702,369
E	17/04/2017	$0.20	500,000	500,000
F	24/05/2017	$0.30	500,000	500,000
			34,696,719	44,136,285

There have been 356,667 shares issued from the conversion of options during the year ended 30 June 2007.

Number of Shares	Amount paid on each share
291,667	$0.12
65,000	$0.20

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.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES 110: Professional Independence.

The following fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2007:

- issue of Independent Accounts Report required for listing on ASX $6,750.00 (ex GST).

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 28.

Proceedings on behalf of the Company

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

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

Chairman

Director

Dated at Adelaide this 21 day of September 2007.

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 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.

HLB MANN JUDD	**PHIL PLUMMER**
(SA Partnership)	**PARTNER**
Chartered Accountants	

Adelaide,
21 September 2007

LABTECH SYSTEMS LTD
ACN 107 670 673
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 $	2006 $
Revenue	2	3,568,640	18,441
Consulting Fees	3 c	(351,966)	(44,836)
Employee benefits expense	3 d	(602,490)	(201,000)
Depreciation and amortisation expense		(20,353)	(11,966)
General administration expenses		(208,388)	(51,232)
Impairment of BBX Trade Dollars	1 n	(481,550)	-
Legal		(251,737)	(21,703)
Marketing		(178,040)	(66,545)
Other expenses		(313,944)	(139,996)
Finance Costs		(5,099)	(13,849)
Profit / (Loss) before income tax		1,155,073	(532,686)
Income tax (expense) / benefit	4 a	(189,735)	114,888
Net profit / (loss) for the year		965,338	(417,798)
Basic earnings per share (cents per share)		1.31	(1.08)
Diluted earnings per share (cents per share)		0.90	(1.08)

The accompanying notes form part of the financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 $	2006 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,975,802	858,453
BBX trade dollars	6	-	531,800
Trade and other receivables	7	235,415	61,586
TOTAL CURRENT ASSETS		9,211,217	1,451,839
NON-CURRENT ASSETS			
Plant and equipment	8	8,084	701,211
Deferred tax assets	18	1,625,280	162,347
Intangible assets	9	5,812,195	152,043
Other non-current assets	10	333	547
TOTAL NON-CURRENT ASSETS		7,445,892	1,016,148
TOTAL ASSETS		16,657,109	2,467,987
CURRENT LIABILITIES			
Trade and other payables	11	1,424,265	442,439
Financial liabilities	12	1,424,367	441,335
TOTAL CURRENT LIABILITIES		2,848,632	883,774
NON-CURRENT LIABILITIES			
Deferred tax liabilities	18	1,670,869	-
TOTAL NON-CURRENT LIABILITIES		1,670,869	-
TOTAL LIABILITIES		4,519,501	883,774
NET ASSETS		12,137,608	1,584,213
EQUITY			
Issued Capital	13	11,797,170	852,018
Reserve	14	338,389	329,000
Subscriptions received pursuant to prospectus	15	-	1,366,484
Retained Earnings / (Accumulated Losses)		2,049	(963,289)
TOTAL EQUITY		12,137,608	1,584,213

The accompanying notes form part of the financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Subscriptions received pursuant to Prospectus $	Option Reserve $	Share Capital $	Accumulated (Losses) / Retained Earnings $	Total $
Balance at 1 July 2005		-	278,000	1,055,722	(592,950)	740,772
Options granted as remuneration		-	51,000	-	-	51,000
Shares issued during the year		-	-	258,020	-	258,020
Increase in capital raising costs (net of tax)		-	-	(277,042)	-	(277,042)
Capital reduction on transfer of Apomab Limited shares to members		-	-	(184,682)	-	(184,682)
Subscriptions received pursuant to prospectus		1,366,484	-	-	-	1,366,484
Prior years' tax losses		-	-	-	47,459	47,459
Loss attributable to members		-	-	-	(417,798)	(417,798)
Balance at 30 June 2006		1,366,484	329,000	852,018	(963,289)	1,584,213
Subscriptions received pursuant to prospectus		1,665,516	-	-	-	1,665,516
Transfer to issued capital		(3,032,000)	-	3,032,000	-	-
Conversion of convertible notes		-	-	336,000	-	336,000
Options granted as remuneration		-	9,389	-	-	9,389
Shares issued during the year		-	-	8,151,393	-	8,151,393
Increase in capital raising costs (net of tax)		-	-	(574,241)	-	(574,241)
Profit attributable to members		-	-	-	965,338	965,338
Balance at 30 June 2007		-	338,389	11,797,170	2,049	12,137,608

The accompanying notes form part of the financial statements

LABTECH SYSTEMS LTD
ACN 107 670 673
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Government Grant Received		1,722,010	-
Licence Fees		3,243,000	-
Other Receipts		-	5,000
Payments to Suppliers and Employees		(1,886,523)	(461,450)
Income Tax Refunded		294,188	-
Interest Paid		(17,959)	-
Interest Received		174,543	13,441
Net cash provided by (used in) operating activities	16	3,529,259	(443,009)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Plant and Equipment		(10,100)	(418,508)
Capitalised Development Costs		(3,996,300)	-
Payments under Option and Licence Agreement for APIS		(60,000)	-
Capitalised Patent Costs		(143,426)	-
Net cash used in investing activities		(4,209,826)	(418,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	90,000
Repayment of borrowings		(90,000)	-
Proceeds from convertible notes		-	346,000
Proceeds from issue of shares		9,740,753	258,020
Proceeds from share applications for prospectus dated 31 October 2005		-	834,484
Costs associated with capital raising		(852,837)	(140,213)
Net cash provided by financing activities		8,797,916	1,388,291
Net increase in cash and cash equivalents		8,117,349	526,774
Cash and cash equivalents 1 July 2006		858,453	331,679
Cash and cash equivalents 30 June 2007	5	8,975,802	858,453

The accompanying notes form part of the financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting 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 of LabTech Systems Ltd complies with all International Financial Reporting Standards (IFRS) in their entirety.

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.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. 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 tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases 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, where there is no effect on accounting or taxable profit or loss.

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. Plant and Equipment

Plant and equipment are measured on the cost basis less, where applicable, any accumulated 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5 – 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

c. Intangibles

Licence Fees 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.

Research Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. Intangibles (Cont)

Patents

Patents are recognised at cost of acquisition. Patents have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Patent costs are amortised over their useful life ranging from 15 to 20 years.

MicroStreak® Development Costs

Capitalised development costs includes the concept development and preliminary design costs for MicroStreak®, which include systems engineering, mechanical and electronic subsystems, and software costs (including prototypes and documentation).

Costs amounting to $700,056 in respect of this item were recognized as plant and equipment at 30 June 2006.

Significant development expenditure has been incurred by the company in advancing the project during the 2007 financial year.

Australian Accounting Standard AASB 138 “Intangibles” specifically recognizes that development activities may result in assets with physical substance, such as prototypes. The standard acknowledges that the physical element of the asset is secondary to its intangible component that is, the knowledge embodied in it. Accordingly, such costs should be treated as intangible assets.

Given the ongoing development activities in respect of MicroStreak® it is more appropriate that these costs be treated as an intangible asset in accordance with AASB 138.

An amount of $700,056, which represents the MicroStreak® development costs to 30 June 2006, has been transferred from plant and equipment to intangible assets. All costs incurred during the 2007 financial year have been capitalized as an intangible asset.

Development costs are capitalised only when technical 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. Amortisation of MicroStreak® development costs will commence on launch of the product.

d. Leases

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Financial Instruments

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.

Impairment

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

Financial Liabilities

Financial liabilities are recognized at amortised cost less principal payments and amortisation

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

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and net of bank overdrafts.

h. 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.

Licence fees are brought to account as revenue in accordance with the substance of the relevant agreement. Where the condition under the agreement has been fulfilled and the payments are non-refundable, licence fees are brought to account as revenue only when it is probable that the fee will be received.

Revenues from royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Share-Based Payments

Equity Settled Transactions

The company currently has a Directors and Executive Option Plan in place to provide benefits to directors and executives in the form of share-payments whereby they render services in exchange for shares or rights over shares (equity-settled transactions).

The company may also provide options to select consultants in exchange for their services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Binomial option pricing model.

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

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

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

j. 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 balance sheet are shown inclusive of GST.

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

k. Foreign Currency Transactions and Balances

Foreign currency transactions during the year were 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 were converted at the rates of exchange ruling at that date.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

l. Comparative Figures

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

m. Government Grants

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expenses are recognized as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight line basis.

n. BBX Trade Dollars

BBX Trade dollars are a medium of exchange which are available for expenditure on goods and services for the company with other businesses participating in the exchange of BBX Dollars.

The Directors have made their assessment of the likely extent to which future economic benefits are to be recovered from the Trade Dollars. Whilst every effort is being made by management and Directors to achieve a maximum return, the directors have recognised a provision for impairment. Accordingly, an expense of $481,550 was recognised in the income statement for the current period.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates – Impairment

The company assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Error in prior year accounts

During the course of preparation of the financial statements an error was identified in the cash flow statement for 2006. The error has been corrected in the comparatives and resulted in 1) payments to suppliers and employees being increased by $272,430, 2) Payments for plant and equipment being decreased by $135,600, and 3) Costs of capital raising being decreased by $136,830.

	2007 $	2006 $

NOTE 2: REVENUE

	2007 $	2006 $
Operating Activities	3,394,097	5,000
Interest Received	174,543	13,441
Total Revenue	3,568,640	18,441

NOTE 3: PROFIT FOR THE YEAR

a. Other Expenses:

	2007 $	2006 $
Auditors' remuneration	33,265	11,225
Patent fees	-	19,981
Rent	15,082	7,042
Research – APOMAB (refer note 20)	-	15,000
Travel and accommodation	183,224	34,098
Others	82,373	52,650
	313,944	139,996

b. Significant Revenue and Expenses

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

	2007 $	2006 $
Consideration on disposal of APOMAB (refer note 20)	-	184,682
Carrying amount of asset sold	-	(184,682)
Net gain / (loss) on the disposal of APOMAB (refer note 20)	-	-
Upfront licence fee received on signing of licence agreement with bioMérieux	3,243,000	-
Income tax refund – Research and Development tax concession	294,188	-

c. Consulting Fees

Consulting fees for the year ended 30 June 2007 include fees paid to assist with the application for the AusIndustry Commercial Ready Grant, international market research, scientific and professional consulting.

d. Employee Benefits Expense

The employee benefits expense includes directors fees payable in accordance with the prospectus and salaries and wages, including executive bonuses.

NOTE 4: INCOME TAX EXPENSE

		2007 $	2006 $
a.	The components of tax expense comprise:		
	Current tax	(751,701)	(109,201)
	Deferred tax	941,436	(5,687)
		189,735	(114,888)
b.	The prima facie tax on losses before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on losses from before income tax at 30%	346,522	(159,806)
	Add:		
	Tax effect of:		
	Non deductible amortisation	3,420	3,420
	2007 R & D concession claim	(212,108)	-
	2006 R & D deduction refund	(294,188)	-
	2005 / 2006 capitalised development costs now claimed	176,709	-
	Provision for BBX Trade Dollars	144,450	-
	Capital raising costs	(134,416)	-
	Other non-allowable items	159,346	47,185
	Income tax attributable to the company	189,735	(109,201)

	2007	2006
The applicable weighted average effective tax rates are as follows:	16%	(21%)

NOTE 5: CASH AND CASH EQUIVALENTS

	2007 $	2006 $
Cash at Bank	8,975,802	858,453

Reconciliation of Cash
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2007 $	2006 $
Cash at Bank	8,975,802	858,453

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	2007 $	2006 $

NOTE 6: BBX TRADE DOLLARS

BBX Trade Dollars	481,550	531,800
Less provision for impairment	(481,550)	-
	-	531,800

BBX trade dollars are a medium of exchange which are available for exchange on goods and services for the Company with other businesses participating in the Exchange of BBX trade dollars.

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade Debtors	35,655	2,645
GST Refundable	199,760	58,941
	235,415	61,586
Total Receivables	235,415	61,586

NOTE 8: PLANT AND EQUIPMENT

Plant and Equipment at Cost	11,827	701,782
Less: Accumulated Depreciation	(3,743)	(571)
	8,084	701,211
Total Plant and Equipment	8,084	701,211

Movements in Carrying Amount

Movements in carrying amounts of plant and equipment between the beginning and the end of the financial year were as follows:

Opening balance	701,211	-
Additions	10,101	554,108
Reclassification (to) / from intangible asset	(700,056)	147,455
Depreciation expense	(3,172)	(352)
	8,084	701,211

NOTE 9: INTANGIBLE ASSETS

	2007 $	2006 $
MicroStreak® Option Fee at Cost	51,000	51,000
Less: Accumulated Amortisation (Note 1 (c))	(10,116)	(6,716)
	40,884	44,284
MicroStreak® Licence Fee at Cost	120,000	120,000
Less: Accumulated Amortisation (Note 1 (c))	(20,241)	(12,241)
	99,759	107,759
Patent fees	111,365	-
Less: Accumulated Amortisation (Note 1 (c))	(5,568)	-
	105,797	-
MicroStreak® development costs	5,565,755	-
Less: Accumulated Amortisation	-	-
	5,565,755	-
Total Intangible Asset	5,812,195	152,043

Note: MicroStreak® development costs were previously included as an item of plant and equipment.

Movements in Carrying Amount

Movements in carrying amounts of intangibles between the beginning and the end of the financial year were as follows:

	MicroStreak® Option Fee at Cost $	MicroStreak® Licence Fee at Cost $	Patent fees $	MicroStreak® development costs $	Total Intangible Asset $
Balance 1 July 2005	47,684	115,759	-	-	163,443
Additions	-	-	-	-	
Amortisation Charge	(3,400)	(8,000)	-	-	(11,400)
Transferred to Plant and Equipment	-	-	-	-	
Balance 30 June 2006	44,284	107,759	-	-	152,043
Additions	-	-	111,365	4,865,699	4,977,064
Amortisation Charge	(3,400)	(8,000)	(5,568)		(16,968)
Transferred from Plant and Equipment	-	-	-	700,056	700,056
Balance 30 June 2007	40,884	99,759	105,797	5,565,755	5,812,195

	2007 $	2006 $
NOTE 10: OTHER ASSETS		
NON-CURRENT		
Formation Expenses at Cost	1,069	1,069
Less: Accumulated Amortisation	(736)	(522)
Total Other Assets	333	547
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors	1,424,265	376,439
Option fee amount payable within 12 months of reporting date	-	66,000
	1,424,265	442,439
Total Trade and other Payables	1,424,265	442,439
NOTE 12: FINANCIAL LIABILITIES		
Deferred Revenue	1,414,367	-
Convertible Notes	10,000	346,000
Loan-unsecured	-	95,335
Total Financial Liabilities	1,424,367	441,335

NOTE 13: ISSUED CAPITAL

	2007 $	2006 $
Issued and paid up capital		
99,316,528 (2006: 43,465,708) ordinary shares fully paid	12,946,373	1,426,980
Less: costs associated with capital raising		
opening balance	(574,962)	(297,920)
amount incurred during year (net of tax)	(574,241)	(276,422)
variation of option terms	-	(620)
	11,797,170	852,018

	No.	No.
Ordinary shares		
At the beginning of the reporting period	43,465,708	24,322,600
Conversion of convertible notes	1,680,000	-
Conversion of options	356,667	-
Share issues during the year		
share placement 29/6/05	-	1,756,800
2:3 bonus issue 30/9/05	-	17,386,308
underwriters commission on listing	380,000	-
prospectus applications	15,160,000	-
share placements 16/11/06	2,957,143	-
share placements 30/11/06	5,683,855	-
share placements 15/12/06	387,447	-
share purchase plan 15/12/06	4,088,366	-
share placement 16/2/07	15,384,615	-
bioMérieux placement 9/5/07	9,772,727	-
At reporting date	99,316,528	43,465,708

Voting Rights

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

Ordinary Shares

Each ordinary share is entitled to 1 vote when a poll is called, otherwise each member present at a meeting or by proxy has a vote on a show of hands.

Optionholders

Each option entitles the holders to subscribe for 1 ordinary share in the capital of the company with the exception of Class A and Class B options which are subject to a 2 for 3 bonus issue on conversion.

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	2007 $	2006 $

NOTE 14: RESERVE

Option Reserve

Option reserve of valuation of share options	338,389	329,000

The option reserve records items recognised as expense on valuation of share based payments.

NOTE 15: SUBSCRIPTIONS RECEIVED PURSUANT TO PROSPECTUS

Subscriptions received pursuant to prospectus	-	1,366,484

Subscriptions received pursuant to prospectus represent applications received as at 30 June 2006 in respect of the prospectus dated 31 October 2005 and supplementary prospectuses dated 19 January 2006 and 3 May 2006. The monies received represents applications for 6,832,420 shares at $0.20 with a free attaching class C option.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit / (Loss) after Income Tax

Profit / (Loss) after income tax	965,338	(417,798)
Non-cash flows in loss		
Amortisation	17,181	11,614
Depreciation	3,172	352
BBX impairment loss	481,550	-
(Increase) in receivables	(144,518)	(34,090)
Decrease in other assets	214	-
Increase in deferred revenue	1,414,367	-
(Decrease) in short term borrowings	(5,335)	-
(Increase) in deferred tax asset	(1,188,279)	(162,347)
Increase in trade creditors	305,311	60,801
Non-cash options expense	9,389	51,000
Increase in deferred tax liability	1,670,869	-
Decrease in accumulated losses re prior year tax losses	-	47,459
Cash flow from / (used in) operations	3,529,259	(443,009)

NOTE 17: EARNINGS PER SHARE

	2007 $	2006 $
Reconciliation of Earnings to Net Profit / (Loss)		
Net Profit / (Loss)	965,338	(417,798)
Earnings used in the calculation of basic earnings per share	965,338	(417,798)
Earnings used in the calculation of diluted earnings per share	965,338	(417,798)
Weighted average number of ordinary shares outstanding at 30 June 2007 used in the calculation of basic earnings per share	73,945,491	38,645,409
Weighted average number of options outstanding used in the calculation of diluted earnings per share	32,910,907	-
Weighted average number of ordinary shares outstanding at 30 June 2007 used in the calculation of diluted earnings per share	106,856,398	38,645,409

Since reporting date the company has issued 58,333 shares (2006: 16,884,000) and no options (2006: 18,228,000) which would have impacted on the number of ordinary shares if these transactions had occurred before the end of the reporting period.

NOTE 18: TAX

		2007 $	2006 $
a	**Assets**		
	Deferred tax assets comprise:		
	Future income tax benefits attributable to tax losses	908,360	156,660
	Accruals	3,074	-
	Leave entitlements	4,441	-
	Assessable deferred accounting income	424,310	-
	Capital raising costs	275,988	-
	Intangible asset amortisation	9,107	5,687
		1,625,280	162,347
b	**Liabilities**		
	Deferred tax liabilities comprise:		
	Capitalised development expenditure	1,669,727	-
	Other	1,142	-
		1,670,869	-

NOTE 18: TAX (CONT)

c Reconciliations

i Gross Movements
The overall movement in the deferred tax account is as follows:

	2007 $	2006 $
Opening balance	162,347	-
(Charge) / credit to income statement	(483,922)	114,888
(Charge) / credit to equity	275,987	47,459
Closing balance	(45,588)	162,347

ii Deferred Tax Assets
The movement in deferred tax assets for each temporary difference during the year is as follows:

	2007 $	2006 $
Carried forward income losses		
Opening balance	156,660	-
Credit to the income statement	751,700	156,660
Closing balance	908,360	156,660
Intangible asset amortization		
Opening balance	5,687	-
Credit to the income statement	3,420	5,687
Closing balance	9,107	5,687
Non-deductable accrued expenses		
Opening balance	-	-
Credit to the income statement	3,074	-
Closing balance	3,074	-
Provision for annual leave		
Opening balance	-	-
Credit to the income statement	4,441	-
Closing balance	4,441	-
Deferred income		
Opening balance	-	-
Credit to the income statement	424,310	-
Closing balance	424,310	-
Capital raising costs		
Opening balance	-	-
Credit to equity	275,987	-
Closing balance	275,987	-

NOTE 18: TAX (CONT)

	2007 $	2006 $
iii Deferred tax liabilities		
Capitalised development expenditure		
Opening balance	-	-
Charged to income statement	1,669,727	-
Closing balance	1,669,727	-
Sundry Debtor		
Opening balance	-	-
Charged to income statement	1,142	-
Closing balance	1,142	-

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions of key management personnel of LabTech Systems Ltd in office at any time during the financial year:

Directors	
Mr R A Finder	Chairman – Non-Executive
Mr D P LeMessurier	Director – Non-Executive
Mrs L H Guthrie	Director – Executive
Mr P A Mariani	Director – Non-Executive
Mrs C M Costello	Director – Non-Executive
Mr S P Mathwin	Director – Non-Executive

Key management personnel remuneration has been included in the remuneration section of the Directors Report.

(b) Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the company is as follows:

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

Packages are reviewed annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The performance of executives is measured against criteria agreed annually with each executive and is based predominately on the forecast growth of the company's profits and shareholder value.

All bonuses and incentives must be linked to predetermined performance criteria.
Mrs Guthrie has received a bonus of $45,000 for the company successfully listing on the ASX.

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

Under the terms of Mrs Guthrie's employment agreement she was entitled to milestone bonuses. These were as follows:

i upon LabTech Systems Ltd signing a formal agreement for distribution in any of the following territories.

- Australia / New Zealand – 250,000 Class C Options
- United Kingdom – 250,000 Class C Options
- United States of America – 250,000 Class C Options
- Each country in Europe – 100,000 Class C Options

Or

ii upon LabTech Systems Ltd signing a formal global distribution agreement – 1,500,000 Class C Options

Mrs Guthrie agreed to waive her entitlement to these options in June 2007 in exchange for a one-off bonus of $82,840.00, to be paid as superannuation, on the basis of work performed to secure the execution of the agreement with bioMérieux.

(c) Remuneration Equity

2007 Options granted as Remuneration

	Vested Number	Granted Number	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Late Exercise Date
Mr D P LeMessurier	-	250,000	24/5/07	0.12	0.30	24/5/09	24/5/17
Mrs L H Guthrie	-	-	-	-	-	-	-
Mr P A Mariani	-	-	-	-	-	-	-
Mrs C M Costello	-	250,000	24/5/07	0.12	0.30	24/5/09	24/5/17
Mr R A Finder	-	-	-	-	-	-	-
Mr S P Mathwin	-	500,000	17/4/07	0.17	0.20	17/4/09	17/4/17
	-	1,000,000					

At the general meeting of shareholders on 10 April 2007 it was agreed to issue Stephen Paul Mathwin 500,000 class E options that may be exercised from 17 April 2009 up until 17 April 2017 with an exercise price of $0.20. These options were granted on 17 April 2007.

At the Annual General Meeting held 29 November 2006 it was resolved to issue 250,000 options to Mr D P LeMessurier and Ms C M Costello. These class F options have an exercise price of 30 cents and may be exercised from 25 September 2009 to 24 May 2017. These options were granted on 24 May 2007.

2006 Options granted as Remuneration

	Vested Number	Granted Number	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Late Exercise Date
Mr R A Finder	-	-	-	-	-	-	-
Mr D P LeMessurier	-	-	-	-	-	-	-
Mrs L H Guthrie	-	-	-	-	-	-	-
Mr P A Mariani	-	-	-	-	-	-	-
Mrs C M Costello	750,000	750,000	30/9/05	0.20	0.20	30/09/05	30/06/13
Mr S P Mathwin	-	-	-	-	-	-	-
	750,000	750,000					

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

(d) Options Holdings

2007

Directors	Balance 01/07/06	Granted as Remuneration	Options Exercised	Other Change	Balance 30/06/07	Total Vested 30/06/07	Total Exercisable 30/06/07	Total Unexercisable 30/06/07
Mr R A Finder	-	-	-	-	-	-	-	-
Mr D P LeMessurier	3,215,000	250,000	-	-	3,465,000	3,215,000	-	3,465,000
Mrs L H Guthrie	1,375,000	-	-	-	1,375,000	1,375,000	-	1,375,000
Mr P A Mariani	250,000	-	-	-	250,000	250,000	-	250,000
Mrs C M Costello	750,000	250,000	-	-	1,000,000	750,000	-	250,000
Mr S P Mathwin	-	500,000	-	150,000	650,000	150,000	150,000	500,000
	5,590,000	1,000,000	-	150,000	6,740,000	5,740,000	150,000	5,840,000

2006

Directors	Balance 01/07/05	Granted as Remuneration	Options Exercised	Other Change	Balance 30/06/06	Total Vested 30/06/06	Total Exercisable 30/06/06	Total Unexercisable 30/06/06
Mr R A Finder	-	-	-	-	-	-	-	-
Mr D P LeMessurier	6,480,000	-	(50,000)	(3,215,000)	3,215,000	3,215,000	-	3,215,000
Mrs L H Guthrie	2,750,000	-	-	(1,375,000)	1,375,000	1,375,000	-	1,375,000
Mr P A Mariani	500,000	-	-	(250,000)	250,000	250,000	-	250,000
Mrs C M Costello	-	750,000	-	-	750,000	750,000	-	750,000
Mr S P Mathwin	-	-	-	-	-	-	-	-
	9,730,000	750,000	(50,000)	(4,840,000)	5,590,000	5,590,000	-	5,590,000

With the exception of options granted to D P LeMessurier, S P Mathwin and C M Costello during the year ended 30 June 2007 and the option holding of S P Mathwin at 1 July 2006, all options held by directors are subject to escrow from the date of listing on the ASX until 31 July 2008. The escrow was a condition of listing on the ASX on 31 July 2006.

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

(e) Shareholdings

2007

Directors	Balance 01/07/06	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/06/07
Mr R A Finder	-	-	-	-	-
Mr D P LeMessurier	10,883,336	-	-	-	10,883,336
Mrs L H Guthrie	4,583,334	-	-	-	4,583,334
Mr P A Mariani	833,334	-	-	-	833,334
Mrs C M Costello	-	-	-	-	-
Mr S P Mathwin	-	-	-	700,000	700,000
Total	16,300,004	-	-	700,000	17,000,004

2006

Directors	Balance 01/07/05	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/06/06
Mr R A Finder	-	-	-	-	-
Mr D P LeMessurier	6,480,000	-	50,000	4,353,336	10,883,336
Mrs L H Guthrie	2,750,000	-	-	1,833,334	4,583,334
Mr P A Mariani	500,000	-	-	333,334	833,334
Mrs C M Costello	-	-	-	-	-
Mr S P Mathwin	-	-	-	-	-
Total	9,730,000	-	50,000	6,520,004	16,300,004

*Net Change Other includes the bonus issue of two shares for every three held on 30 September 2005 and shares purchased/sold during the year.

NOTE 20: 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 granted an exclusive worldwide option to enter into good faith negotiations with Medvet Science Pty Ltd with a view to it granting an exclusive worldwide sublicence in respect of its 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 assigned and transferred all of his rights, title and interest in the option and the Agreement to Apotech Pty Ltd (now LabTech Systems Ltd).

NOTE 20: 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; and

(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 sublicence in respect of the Medvet Science Pty Ltd's intellectual property rights in the technology known as APOMAB®, the company agreed that in consideration for the transfer of the Option and the Agreement 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; and

(b) An issue of 20,000 fully paid ordinary shares and 20,000 share options.

On 10 April 2006 D P LeMessurier and L H Guthrie agreed to waive their rights to receive the royalty granted under the 19 January 2004 agreement referred to above.

Directors' Related Entity Transactions with the Company

Details of remuneration paid or payable to directors for the year ended 30 June 2007 has been included in the directors report.

Lusid Pty Ltd, a company controlled by L H Guthrie was in receipt of consulting fees for the year ended 30 June 2007 of amount of $37,500 (2006 $150,000). The board approved an agreement on 12 August 2005 for $150,000 per annum exclusive of GST and a bonus of $45,000 upon listing on the ASX.

Mrs Guthrie became a full time employee of the company on 1 September 2006 at which time the agreement with Lusid Pty Ltd was terminated.

Alice LeMessurier was engaged to provide some legal services during the year. She is the daughter of D P LeMessurier and was paid $ nil (2006 $15,000).

LeMessurier Solutions Pty Ltd provided consultancy services during the year. LeMessurier Solutions is a company controlled by Hugo LeMessurier. Hugo LeMessurier is a cousin of the director, Douglas Peter LeMessurier and was paid $66,189 (2006 $nil) excluding GST during the year.

NOTE 20: RELATED PARTY TRANSACTIONS (CONT.)

Other Related Parties

Transactions with the Company

Medvet Science Pty Ltd

Medvet Science Pty Ltd is a shareholder in LabTech Systems Ltd, holding 3,333,334 ordinary shares (2006 – 3,333,334) and 1,000,000 class A options with an exercise price of 20 cents expiring 30 June 2012, subject to a 2:3 bonus issue on conversion.

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 now known as MicroStreak®.

In consideration for the MicroStreak® licence, LabTech Systems has paid to Medvet Science Pty Ltd a licence fee of $120,000.

LabTech Systems must pay to Medvet Science Pty Ltd a royalty, calculated on LabTech Systems revenues related to sales of MicroStreak® applicators, at the following rates:

(a) Australia – 3% of LabTech Systems revenues;

(b) In all other countries:

- (i) 3% of LabTech Systems revenues for the first three years from the date of first commercial sale in each country; and
- (ii) 7% of LabTech Systems revenues 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 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.

NOTE 21: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within 1 Year		1 to 5 Years		Over 5 Years		Non-interest Bearing		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets														
Cash and cash equivalents	6.2	5.0	8,975,802	858,453	-	-	-	-	-	-	-	-	8,975,802	858,453
BBX Trade Dollars	-	-									-	531,800	-	531,800
Receivables	-	-	-	-	-	-	-	-	-	-	235,415	61,586	235,415	61,586
Total Financial Assets			8,975,802	858,453	-	-	-	-	-	-	235,415	593,386	9,211,217	1,451,839
Financial liabilities														
Convertible notes	12.0	12.0	-	-	10,000	346,000	-	-	-	-	-	-	10,000	346,000
Deferred revenue	-	-	-	-	-	-	-	-	-	-	1,414,367	-	1,414,367	-
Trade and other payables	-	-	-	-	-	-	-	-	-	-	1,424,265	442,439	1,424,265	442,439
Total Financial Liabilities			-	-	10,000	346,000	-	-	-	-	2,838,632	442,439	2,848,632	788,439

(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 22: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

At the general meeting of shareholders on 10 April 2007 it was agreed to issue Stephen Paul Mathwin 500,000 class E options that may be exercised from 17 April 2009 up until 17 April 2017 with an exercise price of $0.20. These options were granted on 17 April 2007.

At the Annual General Meeting held 29 November 2006 it was resolved to issue 250,000 options to Mr D P LeMessurier and Ms C M Costello subject to successful launch of MicroStreak® in the reasonable opinion of the Chief Executive Officer and Managing Director. Following signing of the global distribution agreements the options were issued. These class F options have an exercise price of 30 cents and may be exercised from 25 September 2009 to 24 May 2019. These options were granted on 24 May 2007.

At the general meeting of shareholders held 10 April 2007 its was resolved to issue 702,369 options to Paradigm Capital Pty Ltd in exchange for services provided.

	2007 Number of Options	Weighted Average Exercise Price $	2006 Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	1,750,000	0.20	2,000,000	0.20
Granted	1,702,369	0.20	750,000	0.20
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Adjustment re Option reconstruction (Note 16)	-	-	(1,000,000)	-
Outstanding at year end	3,452,369	0.20	1,750,000	0.20
Exercisable at year end	2,452,369	0.18	1,750,000	0.20

The fair value of the options granted during the year was $292,497.

Options issued to directors can not be exercised until the second anniversary after the grant date. Any options held at the date a director ceases to be an officer automatically lapse within 90 days unless the board approves an extension. Accordingly, it is considered that these options do not fully vest until such time as they can be exercised. In accordance with AASB2 “Share-based Payment”, the fair value of the options has been expensed over the vesting period.

The fair value was calculated using the binomial option pricing model applying the following inputs:

	Class D Options	Class E Options	Class F Options
Exercise price	0.14	0.20	0.30
Underlying share price	0.29	0.29	0.27
Volatility	85%	85%	85%
Risk free interest rate	6.09%	6.09%	6.02%
Vesting period	Nil	2 years	2 years

Historical volatility has been the basis for determining expected share price volatility.

NOTE 23: SEGMENT REPORTING

The company will operate in one business and several geographical segments, providing research and development of its technology MicroStreak®.

NOTE 24: CREDIT STANDBY ARRANGEMENTS

The company has a credit standby facility of $35,000. This facility was used to the extent of $8,521 at balance date.

NOTE 25: EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2007 LabTech Systems Limited has entered into agreements to further develop MicroStreak®. The total value of agreements entered into after balance date is $1.58M.

NOTE 26: CAPITAL, ROYALTY AND OTHER FEES COMMITMENTS

(a) Acquisition of Invention and Technology - MicroStreak®.

		Nature
	Medvet Science Pty Ltd	Licence fees, milestone payments and royalties payable under a Technology Licence agreement entered into on 1 December 2004.
(b)	Invetech Pty Ltd	Fees of $425,900 for MicroStreak® Development

NOTE 27: COMPANY DETAILS

The registered office of the company is:

4 - 8 Angas Street
Kent Town SA 5067

Phone: +61 8 8139 1111

The principal place of business is:

Suite 3, 114 Rundle Street
Kent Town SA 5067

Phone: +61 8 8362 2698

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 47, 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 2007 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
Lusia Halina Guthrie

____
Director
Robert Andrew Finder

Dated at Adelaide this 21 day of September 2007

LABTECH SYSTEMS LTD
ACN 107 670 673
INDEPENDENT AUDIT REPORT

To the members of LabTech Systems Ltd:

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

As permitted by the Corporations Regulations 2001. the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "performance based remuneration" in the directors' report and not in the financial report. We have audited these remuneration disclosures.

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 controls 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.
In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' 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 and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of LabTech Systems Limited on 21 September 2007, would be in the same terms if provided to the directors as at the time this auditor's report was made.

Auditor's Opinion on the Financial Report

In our opinion:

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

  (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of the company's performance for the year ended on that date; and

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

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

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

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

HLB Mann Judd

HLB MANN JUDD
(SA Partnership)
Chartered Accountants

PHIL PLUMMER
Partner

Adelaide
21 **September 2007**

LABTECH SYSTEMS LTD
ACN 107 670 673
SHAREHOLDER INFORMATION
AS AT 13 SEPTEMBER 2007

STATEMENT OF ISSUED SECURITIES

The total number of shareholders is 900 and there are 99,374,861 ordinary fully paid shares on issue.

The total number of Class A optionholders is 20 and there are 8,045,000 Class A Options on issue.

The total number of Class B optionholders is 63 and there are 6,114,350 Class B Options on issue.

The total number of Class C optionholders is 285 and there are 18,835,000 Class C Options on issue.

The total number of Class D optionholders is 1 and there are 702,369 Class D Options on issue.

The total number of Class E optionholders is 1 and there are 500,000 Class E Options on issue.

The total number of Class F optionholders is 2 and there are 500,000 Class F Options on issue.

DISTRIBUTION OF SECURITIES

Equity Distribution	No of Share-holders	No of Class A Option-holders	No of Class B Option-holders	No of Class C Option-holders	No of Class D Option-holders	No of Class E Option-holders	No of Class F Option-holders
1 – 1,000	7	-	-	-	-	-	-
1,001 – 5,000	86	-	1	1	-	-	-
5,001 – 10,000	177	-	3	130	-	-	-
10,001 – 100,000	479	5	41	127	-	-	-
100,001 and over	151	15	18	27	1	1	2
	900	20	63	285	1	1	2

The number of shareholdings held in less than marketable parcels is 25.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register as at 13 September 2007 are:

Name	Number of Shares held	% held of Issued Capital
Mr Douglas Peter LeMessurier	10,883,336	10.95%
bioMérieux	9,772,727	9.83%
	20,656,063	20.78%

ESCROW SECURITIES

The number of securities subject to escrow are as follows:

Escrow Period Expiring	Ordinary Shares	Class A Options	Class B Options	Class C Options
31 July 2008	18,676,673	5,090,000	1,680,000	380,000
TOTAL	18,676,673	5,090,000	1,680,000	380,000

VOTING RIGHTS

Refer to Note 13.

ON MARKET BUY BACK

There is no current on market buy back.

LABTECH SYSTEMS LTD
ACN 107 670 673
SHAREHOLDER INFORMATION
AS AT 13 SEPTEMBER 2007

TOP 20 SHAREHOLDERS

Rank	Name	Number of Shares	% of Shares
1	bioMérieux SA	9,772,727	9.83%
2	Mrs Diana Mary O'Halloran Evans	4,632,619	4.66%
3	Medvet Science Pty Ltd	3,333,334	3.35%
4	Hugh Berkley Guthrie + Lusia Halina Guthrie **	3,333,334	3.35%
5	Mr Nicholas Greenaway Mills	2,552,668	2.57%
6	Alcardo Investments Limited <Styled 102501 A/C>	2,366,375	2.38%
7	National Nominees Limited	2,142,857	2.16%
8	Kytron Pty Ltd	2,133,334	2.15%
9	Mr Douglas Peter LeMessurier *	2,083,334	2.10%
10	College Park Investments Pty Ltd *	1,666,667	1.68%
11	First Avenue Investments Pty Ltd *	1,666,667	1.68%
12	Palpet Pty Ltd *	1,666,667	1.68%
13	SDP Technology Ltd *	1,416,667	1.43%
14	Mr Raymond George Pank	1,316,668	1.32%
15	Lusia Halina Guthrie **	1,062,500	1.07%
16	Mutual Trust Pty Ltd	1,000,000	1.01%
17	Ruin Pty Ltd <Steve Mathwin Super A/C>	880,000	0.89%
18	Jane Mary LeMessurier	833,334	0.84%
19	Paul Mariani + Kerrie Anne Mariani <Paul Mariani Super Fund A/C>	833,334	0.84%
20	WHI Securities Pty Ltd <Crown Credit Corporation A/C>	800,000	0.81%
		45,493,086	45.78%

We confirm these Directors show Third Party Holdings

* Mr Douglas Peter LeMessurier
** Mrs Lusia Halina Guthrie

TOP 20 CLASS A OPTION-HOLDERS (NOT LISTED)

Rank	Name	Number of Options	% of Options
1	Medvet Science Pty Ltd	1,000,000	12.43%
2	Hugh Berkley Guthrie + Lusia Halina Guthrie	1,000,000	12.43%
3	Diana Mary O’Halloran Evans	895,000	11.12%
4	Mr Douglas Peter LeMessurier	625,000	7.77%
5	Kytron Pty Ltd	590,000	7.33%
6	College Park Investments Pty Ltd	500,000	6.22%
7	First Avenue Investments Pty Ltd	500,000	6.22%
8	Palpet Pty Ltd	500,000	6.22%
9	SDP Technology Ltd	500,000	6.22%
10	Raymond George Pank	375,000	4.66%
11	Lusia Halina Guthrie	375,000	4.66%
12	Jane Mary LeMessurier	250,000	3.11%
13	Paul Mariani & Kerrie Anne Mariani <Paul Mariani Super Fund A/A>	250,000	3.11%
14	Emu Cards Pty Ltd	225,000	2.80%
15	FOA Pty Ltd <Adrian Porter Family A/C>	175,000	2.18%
16	Dr Adrian Porter & Mr Toby Robert Porter <Adrian Porter Super Fund A/C>	100,000	1.24%
17	Karen Joy Blenkinsop	75,000	0.93%
18	Bryan Davy Grogan & Deanna Amy Grogram <Super Fund A/C>	50,000	0.62%
19	Kate Barnett Pty Ltd <Kate Barnett Super Fund A/C>	40,000	0.49%
20	John MacFarlane Adamson & Sally Lytton Adamson	20,000	0.24%
		8,045,000	100.00%

TOP 20 CLASS B OPTION-HOLDERS

Rank	Name	Number of Options	% of Options
1	Gazump Resources Pty Ltd	450,000	10.15%
2	Mr John Cook	299,850	6.76%
3	Mr James Wilson Wannan	270,000	6.09%
4	Avanteos Investments Limited <Avanteos No 1 A/C>	200,000	4.51%
5	Mrs Diana Mary O'Halloran Evans	163,750	3.69%
6	Mrs Marjorie Gertrude Beasley	155,000	3.50%
7	Australian Structured Finance & + Investment Services Pty Ltd <The ASFIS Super Fund A/C>	112,500	2.54%
8	Australorp Superannuation Fund	112,500	2.54%
9	Marijke Sara Newnham	112,500	2.54%
10	Mr Ian John Breedon	105,000	2.37%
11	Indigold Pty Ltd	105,000	2.37%
12	Mrs Patricia Ann Pank	105,000	2.37%
13	Dr Adrian Porter + Mr Toby Robert Porter <Adrian Porter Super Fund A/C>	105,000	2.37%
14	Jax Tyres <Executive Super Fund A/C>	105,000	2.37%
15	Ms Marjorie Gertrude Beasley	100,000	2.26%
16	JFB Services Pty Limited <Farrow Super Fund Account>	100,000	2.26%
17	Kevin Wyld Financial Services Pty Ltd	80,000	1.80%
18	Super 1136 Pty Ltd	80,000	1.80%
19	Barzio Holdings Pty Limited	75.000	1.69%
20	BFSF Pty Ltd	75,000	1.69%
		2,911,100	65.67%

LABTECH SYSTEMS LTD
ACN 107 670 673
SHAREHOLDER INFORMATION
AS AT 13 SEPTEMBER 2007

TOP 20 CLASS C OPTION-HOLDERS

Rank	Name	Number of Options	% of Options
1	Alcardo Investments Limited <Styled 102501 A/C>	2,800,000	15.17%
2	Tuxedo Investments Pty Ltd	1,810,080	9.81%
3	Gazump Resources Pty Ltd	860,000	4.66%
4	WHI Securities Pty Ltd <Crown Credit Corporation A/C>	800,000	4.33%
5	Super 1136 Pty Ltd	570,000	3.09%
6	BBX Holdings Ltd	510,000	2.76%
7	Alectown Pty Ltd	500,000	2.71%
8	Mr Robert John James + Mrs Carolyn Ann James <James Family A/C>	500,000	2.71%
9	Mr Gary Samuel Kurzer + Ms Virginia Bella Aghan	500,000	2.71%
10	Mr Nicholas Ernest Bury <The Bury Family Account>	300,000	1.63%
11	Dr Marcus Andrew Stoodley	300,000	1.63%
12	Mr Ronald Guy Allen	250,000	1.35%
13	Martin Place Securities Staff Superannuation Fund Pty Ltd <MPSSSF Investment A/C>	245,000	1.33%
14	Maclem Pty Ltd <Maclem S/F A/C>	220,000	1.19%
15	Perpetual Custodians Limited	210,000	1.14%
16	Mrs Shirley Jean Bowden	200,000	1.08%
17	Goldsword Holdings Pty Ltd <Monk Superfund A/C	200,000	1.08%
18	JFB Services Pty Limited	200,000	1.08%
19	Marlib Pty Ltd	200,000	1.08%
20	WHI Securities Pty Ltd <Crown Credit Corporation A/C>	175,000	0.95%
		11,350,080	61.49%

TOP 20 CLASS D OPTION-HOLDERS (NOT LISTED)

Rank	Name	Number of Options	% of Options
1	Paradigm Capital Pty Ltd	702,369	100.00%
		702,369	100.00%

TOP 20 CLASS E OPTION-HOLDERS (NOT LISTED)

Rank	Name	Number of Options	% of Options
1	Stephen Mathwin	500,000	100.00%
		500,000	100.00%

TOP 20 CLASS F OPTION-HOLDERS (NOT LISTED)

Rank	Name	Number of Options	% of Options
1	Ms Catherine Mary Costello	250,000	50.00%
2	Mr Douglas Peter LeMessurier	250,000	50.00%
		500,000	100.00%

LABTECH SYSTEMS LTD
ACN 107 670 673
SHAREHOLDER INFORMATION
AS AT 13 SEPTEMBER 2007

REGISTER OF SECURITIES

The register of securities is located at:

Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide South Australia 5001
Australia

Enquiries (within Australia) 1300 729 063
Enquiries (outside Australia) +61 3 9415 4675
Facsimile +61 8 8236 2305
web.queries@computershare.com.au

Website: www.computershare.com.au