LABTAM LIMITED
A.B.N. 65 004 749 508
AND CONTROLLED ENTITIES

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2004
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2004.

LABTAM LIMITED
(ABN 65 004 749 508)

Appendix 4D

Half-year report
Period ended 31 December 2004
(Comparative period: period ended 31 December 2003)

Results for announcement to the market

2.1 Revenues from ordinary activities	Up	577%	to	$513,498
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up	621%	to	$194,878
2.3 Net profit (loss) for the period attributable to members	Up	621%	to	$194,878

2.4 Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	Nil ¢	Nil ¢
Previous corresponding period: Final dividend Interim dividend	Nil ¢	Nil ¢

LABTAM LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2004

The Directors present their report together with the financial report of the consolidated entity of Labtam Limited and the entities it controlled for the half-year ended 31 December 2004 and independent review report thereon.

DIRECTORS

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr A M Wing (Non Executive Director and Company Secretary) – appointed 12 March 2004
Mr G L Rice (Non Executive Director) – appointed 16 August 2005
Mr G R Anderson (Non Executive Director) – appointed 16 August 2005
Mr E F Stoyle (Non Executive Director) – appointed 20 October 2005
Mr C A Scrinis (Executive Director) – appointed 12 November 2004, resigned 25 August 2005
Mr G L Gosling (Executive Director) – appointed 12 March 2005, resigned 25 August 2005
Mr S L Gosling (Non Executive Director) – appointed 6 September 2004, resigned 25 August 2005
Mr P R Camm (Non Executive Director) – appointed 6 September 2004, resigned 25 August 2005

REVIEW AND RESULTS OF OPERATIONS

The principal activities of the economic entity were to include growth, development and commercialisation within the electronic automation industry.

The Company remained suspended from the Australian Stock Exchange. The Company was administered under a Deed of Company Arrangement until 28 October 2004 whereby all conditions under this Deed were effectuated. For more information, refer *Significant Changes in State of Affairs* below.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

A Deed of Company Arrangement was entered into on 14 November 2003. The Deed was to facilitate the recapitalisation of the company and it's subsequent relisting on the Australian Stock Exchange (ASX). The creditors agreed to an initial moratorium on their debts and then participation in a conversion of their debt to equity in the company.

On 19 August 2004, the Company held an Annual General Meeting, whereby it proposed to undertake restructuring for the purposes of satisfying the conditions of the Deed of Company Arrangement and to facilitate the recapitalisation of the Company and subsequently aim at relisting on the Australian Stock Exchange. The resolutions proposed included consolidating the company's share capital, reduction of share capital, issue of ordinary shares to Deed Creditors, issue of ordinary shares to AXE Limited, issue of ordinary shares to Seed Investors, changing the company's activities, changing the company's name to Labtam Limited, replace company's existing constitution, issuing of a prospectus to raise capital, apply for re-quotation of the company's securities on ASX, establish a company share option plan and issue of options. Shareholders approved all resolutions without amendment.

On 28 October 2004, the Company met all conditions under the Deed. As a consequence of satisfying the conditions set pursuant to the Deed, the Company sort and received a certificate of effectuation from the Company's administrators, Ferrier Hodgson.

On 29 October 2004, the Company lodged a prospectus with the Australian Securities and Investments Commission (ASIC) for the purposes of acquiring and further developing an electronics and manufacturing business, Labtam Pty Ltd. Unfortunately, the Company was unsuccessful in achieve its minimum subscriptions pursuant to the terms and conditions of the prospectus. As a consequence, the prospectus was withdrawn and all funds raised under the prospectus were refunded to the applicable subscribers.

Subsequent to the withdrawal of the prospectus dated 29 October 2004, the Company aimed at identifying expressions of interest in the Company. The Company identified several offers of interest in recapitalising and relisting the Company on the ASX.

EVENTS SUBSEQUENT TO BALANCE DATE

On 25 May 2005, the Company entered into an agreement with Loch Securities Pty Ltd to issue 20 million shares in the Company at 1 cent per share, subject to shareholder approval. The purpose of the issue was to extinguish existing creditors and to provide working capital.

On 10 August 2005, the Company held a shareholders meeting whereby it resolved to issue 20 million shares at 1 to Loch Securities Pty Ltd. The shareholders approved the resolution to issue such shares without amendment. The funds raised ($200,000) were used to extinguish existing creditors that were outstanding at the time and for working capital purposes.

On 16 August 2005, Mssrs G Rice and G Anderson were appointed to the board of directors. On 25 August 2005, Mssrs L Gosling, C Scrinis, G Gosling and P Camm resigned from the board of directors.

On 25 September 2005, two and a half (2.5) million of these unlisted directors' options lapsed when directors, Mssrs L Gosling, C Scrinis, G Gosling and P Camm resigned from being directors of the Company.

On 4 October 2005, the Company issued 500,000 shares under Chapter 7 of ASX Listing Rules at 5 cents per share. The funds raised are currently being used for working capital purposes.

The Company is actively identifying investment opportunities for the purposes of recapitalising and relisting on the ASX.

Signed in accordance with a resolution of the Directors.

Adrien Wing
Director

Melbourne

22nd December 2005

AUDITOR INDEPENDENCE DECLARATION

To the Directors of Labtam Limited and controlled entities.

In relation to the half year independent review for the six months to 31 December 2004, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
(ii) No contraventions of any applicable code of professional conduct.

Dated at Melbourne on 22 December 2005.

PITCHER PARTNERS

S P CATLIN
Partner

LABTAM LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Consolidated 2004 $	Consolidated 2003 $
		-
Revenues from other activities	513,498	77,015
Gross profit		
		-
Commercial Overheads	(318,620)	(50,004)
Profit/(loss) from ordinary activities before income tax expense	194,878	27,010
Income tax expense relating to ordinary activities	-	-
Profit/(loss) from ordinary activities after income tax expense	194,878	27,010
Total changes in equity other than those resulting from transactions with owner as owners	194,878	27,010
Basic earnings per share	$0.0210	$0.0031
Diluted earnings per share	$0.0189	$0.0031

LABTAM LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Consolidated 31 Dec 2004 $	Consolidated 30 June 2004 $
Current Assets		
Cash assets	314,535	-
Total current assets	314,535	-
Non-current assets		
Plant and equipment	3,500	3,500
Total non-current assets	3,500	3,500
Total assets	318,035	3,500
Current liabilities		
Payables	487,490	1,344,352
Total current liabilities	487,490	1,344,352
Total liabilities	487,490	1,344,352
Net assets/(liabilities)	(169,455)	(1,340,852)
Equity		
Contributed equity	2,632,563	7,192,270
Reserves	1,468,116	1,468,116
Accumulated losses	(4,270,134)	(10,001,238)
Total equity	(169,455)	(1,340,852)

LABTAM LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Consolidated 2004 $	Consolidated 2003 $
Cash flows from operating activities		
Receipts from customers		79,090
Payments to suppliers and employees	(105,026)	(13,420)
Interest received	25	2,015
Interest paid		
Net cash provided by (used in) operating activities	(105,001)	67,685
Cash flows from investing activities		
Payment for plant and equipment	-	-
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of share capital	419,536	-
Net cash provided by (used in) financing activities	419,536	-
Net increase/ (decrease) in cash held	314,535	67,685
Cash at beginning of financial year	-	(67,685)
Cash at end of the reporting period	314,535	-

LABTAM LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL REPORT

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

(a) Basis of Preparation

The financial report is a general purpose financial report prepared in accordance with Accounting Standards and Urgent Issues Group Consensus Views, other mandatory reporting requirements and the Corporations Law. The financial report covers the economic entity of Labtam Limited and controlled entities, and Labtam as an individual parent entity. Labtam Limited is a listed public company, however it has been suspended from ASX since 9 January 2001, incorporated and domiciled in Australia. The financial report has been prepared on historical cost basis. The accounting policies have been consistently applied.

(b) Going Concern

Refer to Note 9 Events Subsequent to Reporting Date.

The continuing viability of the company and its ability to continue as a going concern and meet debts and commitments as they fall due is dependent upon:

(i) the continued financial support of the new directors; and
(ii) a successful recapitalisation process.

As a result of these matters, there is some uncertainty whether the company will continue as a going concern. However, the directors believe that the company will be successful in the above matters and, accordingly have prepared the financial report on a recoverable amount basis.

2. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated Half Year to 31 Dec 2004 $	Consolidated Half Year to 31 Dec 2003 $
Revenues from other activities	513,473	77,015
Interest	25	-
Total revenues from other activities	513,498	77,015

3. EXPENSES AND LOSSES/ (GAINS)

Profit/(loss) from ordinary activities before income tax has been determined after:

(a) Expenses

Commercial overheads	318,620	50,004
Total expenses	318,620	50,004

4. EARNINGS PER SECURITY AND THE NATURE OF ANY DILUTION ASPECTS

	Consolidated Half Year to 31 Dec 2004 $	Consolidated Half Year to 31 Dec 2003 $
Basic earnings per share:	$0.0210	$0.0031
Diluted earnings per share:	$0.0189	$0.0031
Earnings used in calculating basic and diluted earnings per share	$ 194,878	$ 27,010
	# of shares	# of shares
Weighted average number of shares used in calculating basic earnings per share	9,259,955	8,600,000
Dilutive potential ordinary shares		
Share options	1,052,054	-
Adjusted weighted average number of shares used in calculating diluted earnings per share	10,312,009	8,600,000

5. RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS

There were no distributions, buy backs or other returns to shareholders in the period ended 31 December 2004.

6. DIVIDENDS

The Company does not intend to pay a dividend in respect of the period ended 31 December 2004.

7. NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary security at 31 December 2004 was 3.70 cents (30 June 2004: 0.01 cents).

8. ASSOCIATES AND JOINT VENTURE ENTITIES

The Company did not have any interests in associates or joint venture entities during the period ended 31 December 2004.

9. SUBSEQUENT EVENTS

On 25 May 2005, the Company entered into an agreement with Loch Securities Pty Ltd to issue 20 million shares in the Company at 1 cent per share, subject to shareholder approval. The purpose of the issue was to extinguish existing creditors and to provide working capital.

On 10 August 2005, the Company held a shareholders meeting whereby it resolved to issue 20 million shares at 1 to Loch Securities Pty Ltd. The shareholders approved the resolution to issue such shares without amendment. The funds raised ($200,000) were used to extinguish existing creditors that were outstanding at the time and for working capital purposes.

On 16 August 2005, Mssrs G Rice and G Anderson were appointed to the board of directors. On 25 August 2005, Mssrs L Gosling, C Scrinis, G Gosling and P Camm resigned from the board of directors.

On 25 September 2005, two and a half (2.5) million of these unlisted directors' options lapsed when directors, Mssrs L Gosling, C Scrinis, G Gosling and P Camm resigned from being directors of the Company.

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The Company is actively identifying investment opportunities for the purposes of recapitalising and relisting on the ASX.

10. SEGMENT INFORMATION

Geographical Segment
The company operated predominantly in one geographical segment being Australia.

11. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company is currently evaluating the key differences in accounting policies, identifying the changes to the Company's financial reporting systems and commencing evaluation of the financial impact arising from key differences in accounting policies that are expected to arise from adopting Australian equivalents of International Financial Reporting Standards (IFRS).

For first-time adoption of Australian equivalents to IFRS, the date of transition will be 1 July 2005. The key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS are detailed below. A reconciliation of estimated adjustments to opening balances at 1 July 2004, together with restated results under IFRSs for the half-year to 31 December 2004, is provided in Note 14.

Share based payments

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued for goods and services to directors and employees as remuneration and recognise an expense in the Statement of Financial Performance. Effects of this change in accounting policy are impracticable as the details of future equity based remuneration plans and payments are unknown.

On adoption of the Australian equivalents of IFRSs, retained earnings at 1 July 2004 and reported results for the half-year to 31 December 2004 will be adjusted for all share-based payments issued after 7 November 2002, which do not vest prior to 1 January 2005. An estimate of the financial impact is provided in the reconciliation in Note 14 below.

12. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Income taxes

Under the Australian equivalent to IAS 12 *Income Taxes*, the consolidated entity will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

It is not expected that there will be a material impact as a result of adoption of this standard.

13. RECONCILIATION OF REPORTED AMOUNTS UNDER AUSTRALIAN ACCOUNTING STANDARDS TO AUSTRALIAN EQUIVALENTS OF IFRS

Total equity at 1 July 2004	$
As reported under Australian Accounting Standards	(1,340,852)
As restated under Australian equivalent of IFRSs	(1,340,852)

Operating profit after tax for the six months to 31 December 2004:	$
As reported under Australian Accounting Standards	194,878
Share-based-payments during six month period	(168,000)
As restated under Australian equivalent of IFRSs	26,878

LABTAM LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

In accordance with a resolution of the Directors of Labtam Limited, the Directors declare that:

In the opinion of the Directors:

1. The half-year financial report of the consolidated entity:

   a) gives a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date; and

   b) complies with ASX Listing Rule 4.2A, the disclosure requirements of ASX Appendix 4D, Accounting Standard AASB 1029 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

2. There are reasonable grounds to believe that Labtam Limited will be able to pay its debts as and when they become due and payable.

On behalf of the board

Adrien Wing
Director

Melbourne
22nd December 2005

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF LABTAM LIMITED

Scope

We have reviewed the condensed consolidated financial report of Labtam Limited for the half-year ended 31 December 2004 as set out on pages 6 to 15. The directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Labtam Limited is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty

As a result of the matters described in Note 1 under 'Going Concern' there is significant uncertainty whether the entity will be able to continue as a going concern. Should the going concern basis not be appropriate as a result of the lack of continued financial support of the company's new directors, the failure of the recapitalisation process and relisting on the ASX, it is likely that the company will not be able to extinguish its liabilities at the amounts stated in the financial report.

Date 27/1/05
Melbourne

PITCHER PARTNERS
S P CATLIN