



Rockeby biomed



Rockeby biomed Limited

ANNUAL REPORT 2006



ROCKEY BIOMED LIMITED
(A.C.N. 106 093 305)

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Richard L. CASEY, Non-Executive Director
TAN Swan Jeng, Non-Executive Director
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Sam DI GIACOMO, Non-Executive Director

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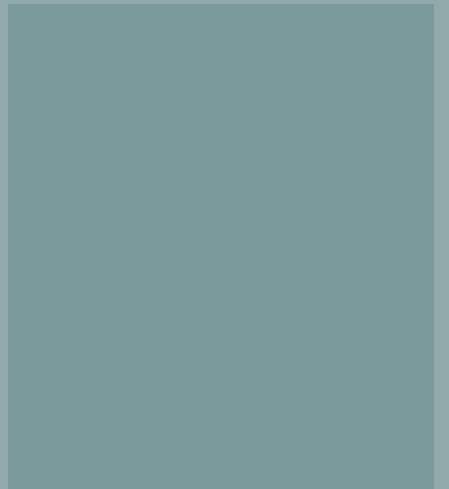
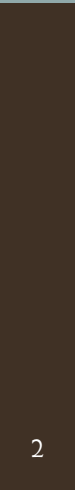
ROCKEY WEBSITE

www.rockeby.com



Index

CHAIRMAN'S MESSAGE	3
BOARD OF DIRECTORS'	5
MANAGING DIRECTORS' REVIEW OF OPERATIONS	6
EXECUTIVE TEAM	20
DIRECTORS' REPORT	29
CORPORATE GOVERNANCE REPORT	41
AUDITOR'S INDEPENDENCE DECLARATION	44
INDEPENDENT AUDIT REPORT	45
DIRECTORS' DECLARATION	47
STATEMENT OF FINANCIAL PERFORMANCE	48
STATEMENT OF FINANCIAL POSITION	49
STATEMENT OF CASH FLOWS	50
STATEMENT OF CHANGES IN EQUITY	51
NOTES TO THE FINANCIAL STATEMENTS	52
ADDITIONAL ASX INFORMATION	86



Chairman's Message



Dr Seet Lip Chai Chairman

*Rocheby biomed Limited
Board of Directors'*



Rocheby biomed has undergone significant changes over the past 12 months. This has positioned us to participate in the global monitoring of some of the most serious public health issues of our time – Avian Bird Flu and HIV AIDS.

Taking part in the global fight against these deadly diseases has also translated into an increase in sales and cash flow for the Company, all of which should accelerate markedly in the months to come.

The foresight of the Rocheby management team in identifying the growing threat of an Avian Bird Flu pandemic – not only in South East Asia but in the Middle East, China and Europe – has meant that the Company's Avian Flu Rapid Test has been well-received by authorities and commercial enterprises who wish to test for the flu virus amongst poultry using a cost effective and practical method.

Rocheby believes that the demand for veterinary Influenza A tests will continue to soar in the near to medium term and we expect to be able to secure orders from several of the tenders we are currently involved in. Concurrently, Rocheby's management team is busy exploring the setting up of a joint venture in China to distribute and produce these tests. We are optimistic that we will be able to present to our shareholders positive news on this development by the end of this calendar year.

With regards to our CanDia5 vaginal thrush diagnostic kits, the Company's goals are to finalize negotiations with our European partners and commence sales in 2007. Rocheby is also working towards acquiring and distributing other products in the infectious disease range to our European partners.

Rocheby is optimistic that negotiations, to sell CanDia5, will be finalised with at least one potential UK partner within this calendar year. Moreover, Rocheby's CanDia5 will soon be receiving an OTC CE mark making it even more suitable for the active promotion by pharmacists.

During the year, the Company announced the appointments of two non-executive directors. Dr. Nicholas Samaras was appointed in November 2005 and Mr. Sam Di Giacomo was appointed in April 2006. The Company also appointed Mr. Roger Schmid as the new Vice President of Marketing in April 2006.

Dr. Samaras has over 20 years' experience in the global life sciences industry. He has worked in senior roles with global life science companies such as Applied Biosystems Pty Ltd, a subsidiary of Applied Biosystems Corporation, and Perkin Elmer. During his career he has been involved in a diverse range of roles within the industry including senior management, marketing, sales, business development and research. Most recently Dr. Samaras has been consulting venture capital firms, investors, banks and global biotechnology companies through his firm, Australis Biosciences.

Chairman's Message

Rockeby would like to invite you to continue to follow the company's exciting success.

Mr. Di Giacomo brings 17 years of experience in the global biotechnology sector to Rockeby. He has been involved in numerous capital raisings at all stages from seed to IPO, and has been involved in a number of technology and distribution licensing deals. Sam is also a founder of a number of Australian Life Science companies including pSimedica Ltd, Australian Cancer Technology (now Avantogen), Resonance Health, and founding director of Advance Healthcare Group.

Mr. Schmid has extensive experience in the healthcare and financial industries in Asia. From 2001 to 2004, Roger was the Director, Regional Business Solutions of DKSH based in Bangkok. For 2 years beginning 1999, he was the Assistant Regional Manager, Far East Pacific of Swiss Serum and Vaccine Institute (subsequently acquired by DKSH). Roger held several positions of increasing responsibilities during the time he was with Union Bank of Switzerland starting as Officer, Asia Desk (Zurich) from 1990 to 1994, Deputy Equity Syndicate Manager (HK) from 1994 to 1995 and was subsequently appointed as Chief Representative and Director based in Shanghai from 1995 to 1998.

The Board notes with regret the demise of its late Company Secretary Mr Tan Ban Huat after a long illness and records its appreciation for his contributions to the company.

Financial Results For The Consolidated Entity

The operating loss of the Company for the year ended 30 June 2006 amounted to \$7.4 million for the consolidated entity, compared to the previous years loss of \$4.4 million. This year included a significant write-down of non-current assets of \$3.9 million.

Income was derived from sales, interest income and exchange rate gains. The Company has been closely monitoring administration costs during the year.

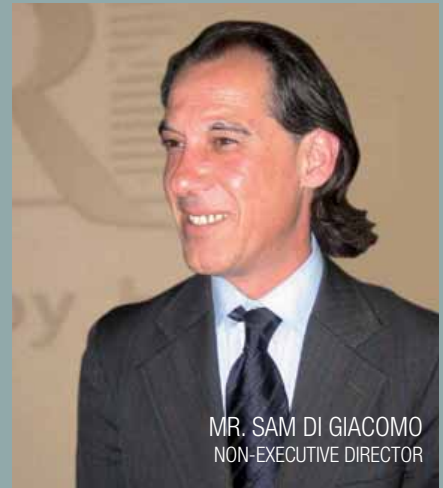
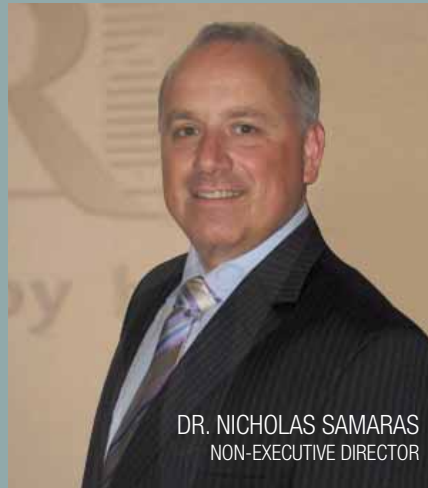
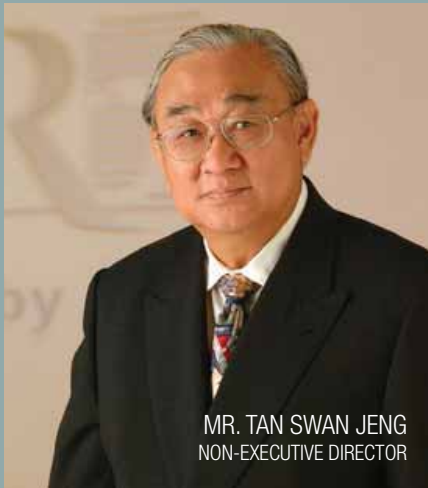
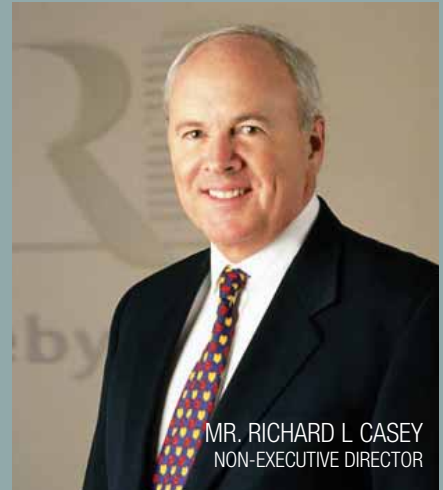
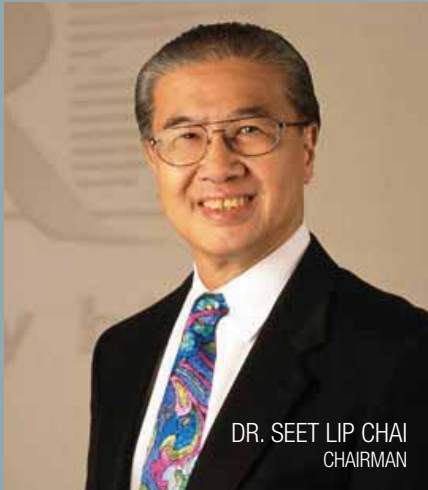
The board and management of Rockeby would like to thank you for your support and would like to invite you to continue to follow the Company's exciting evolution into a regional biotech Company and participate with us in this exciting new phase of Rockeby.



Dr Seet Lip Chai
Chairman

Rockeby biomed Limited

Board of Directors'



Managing Directors' Review of Operations

POSITIONING STATEMENT

Profile

Rockeby biomed is a Singapore-based, ASX-listed (ASX: RBY) biotechnology company with offices in Australia and Singapore.

The Company specializes in the research, development and marketing of rapid testing technologies for infectious diseases in animals and humans.

The Company's main market is in-vitro diagnostic testing which includes serology testing in hospitals as well as point of care rapid tests for use by healthcare professionals and consumers inside and outside of traditional healthcare environments.

The additional appointments to the Board and Management team has further strengthened the Company's leadership and should support the Company with its growth strategies.

Mission

Rockeby aims to be a global research and development biotechnology group specializing in the diagnosis of infectious diseases in animals and humans. Rockeby is committed to the discovery, development, marketing and distribution of innovative technologies and new biotechnology products.

HIGHLIGHTS FOR THE YEAR

Milestone Update

Rockeby is at the threshold of increasing market penetration for our core products that will deliver sales and revenues and create efficiencies of scale. Marketing infrastructure is being established, key personnel appointed and steps to improve the financial standing of the Company are in motion.

Corporate Update

Fundraising

During the year, the following fundraising activities took place

- Completion of a non-renounceable rights issue for the issue of 123,374,133 shares at 1 cent each to raise \$1,233,741 before costs
- A placement to sophisticated investors of 45,000,000 shares at 3.5 cents each to raise \$1,575,000 before costs
- A non renounceable rights issue for the issue of 63,347,171 listed options at 1 cent each pursuant to a prospectus dated 30 March 2006.
- At the time of writing the Annual Report Rockeby completed a private placement and is in the midst of a Shareholder Share Purchase Plan ("SPP"). The private placement was to sophisticated investors raising \$750,000. Under the SPP Rockeby will raise up to \$1,711,496. Funds will be utilised for working capital and marketing.

Avian influenza - Fact sheet (reference WHO¹ Feb 2006)

Rockeby has recently moved into Avian Flu Diagnostics. The following section will provide an understanding of the current background to Avian Influenza, and the important economic role of the poultry industry in Asia.

¹ <http://www.who.int/mediacentre/factsheets/fs274/en/index.html>

A close-up photograph of a male scientist in a white lab coat looking through a microscope. The microscope is a large, grey, professional-grade instrument. In the foreground, several petri dishes containing blue agar are visible. The background is a plain, light-colored wall.

The new addition of bird flu & HIV diagnostics to the Rocheby family has sparked a new direction.

THE DISEASE IN BIRDS

Avian influenza is an infectious disease of birds caused by type A strains of the influenza virus. The disease occurs worldwide. While all birds are thought to be susceptible to infection with avian influenza viruses, many wild bird species carry these viruses with no apparent signs of harm.

Other bird species, including domestic poultry, develop disease when infected with avian influenza viruses. In poultry, the viruses cause two distinctly different forms of disease – one common and mild, the other rare and highly lethal. In the mild form, signs of illness may be expressed only as ruffled feathers, reduced egg production, or mild effects on the respiratory system. Outbreaks can be so mild they escape detection unless regular testing for viruses is in place.

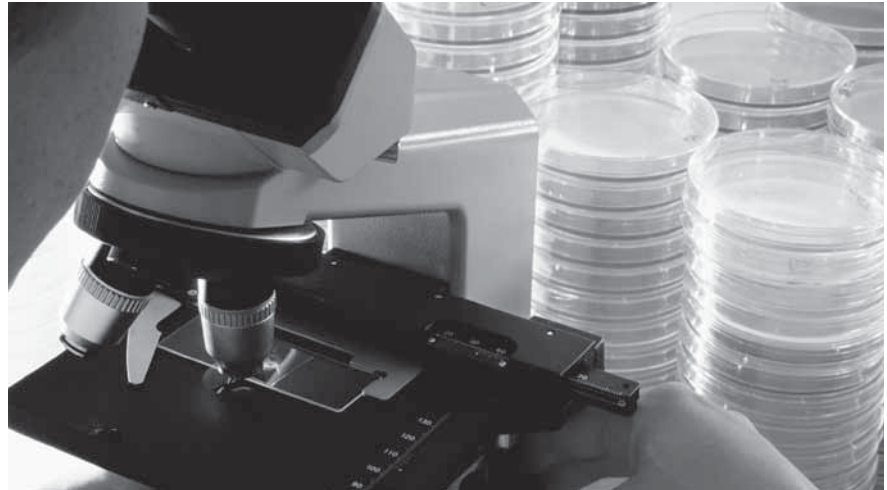
In contrast, the second and far less common highly pathogenic form is difficult to miss. First identified in Italy in 1878, highly pathogenic avian influenza is characterized by sudden onset of severe disease, rapid contagion, and a mortality rate that can approach 100% within 48 hours. In this form of the disease, the virus not only affects the respiratory tract, as in the mild form, but also invades multiple organs and tissues. The resulting massive internal haemorrhaging has earned it the lay name of “chicken Ebola”.

All 16 HA (haemagglutinin) and 9 NA (neuraminidase) subtypes of influenza viruses are known to infect wild waterfowl, thus providing an extensive reservoir of influenza viruses perpetually circulating in bird populations. In wild birds, routine testing will nearly always find some influenza viruses. The vast majority of these viruses cause no harm.

To date, all outbreaks of the highly pathogenic form of avian influenza have been caused by viruses of the H5 and H7 subtypes. Highly pathogenic viruses possess a tell-tale genetic “trade mark” or signature – a distinctive set of basic amino acids in the cleavage site of the Hemagglutinin (“HA”) – that distinguishes them from all other avian influenza viruses and is associated with their exceptional virulence.

Not all virus strains of the H5 and H7 subtypes are highly pathogenic, but most are thought to have the potential to become so. Recent research has shown that H5 and H7 viruses of low pathogenicity can, after circulation for sometimes short periods in a poultry population, mutate into highly pathogenic viruses. Considerable circumstantial evidence has long suggested that wild waterfowl introduce avian influenza viruses, in their low pathogenic form, to poultry flocks, but do not carry or directly spread highly pathogenic viruses. This role may, however, have changed very recently: at least some species of migratory waterfowl are now thought to be carrying the H5N1 virus in its highly pathogenic form and introducing it to new geographical areas located along their flight routes.

Outbreaks can be so mild they escape detection unless regular testing for viruses is in place.



Apart from being highly contagious among poultry, avian influenza viruses are readily transmitted from farm to farm by the movement of live birds, people (especially when shoes and other clothing are contaminated), and contaminated vehicles, equipment, feed, and cages. Highly pathogenic viruses can survive for long periods in the environment, especially when example, the highly pathogenic H5N1 virus can survive in bird faeces for at least 35 days at low temperature (4oC). At a much higher temperature (37oC), H5N1 viruses have been shown to survive, in faecal samples, for six days.

For highly pathogenic disease, the most important control measures are rapid culling of all infected or exposed birds, proper disposal of carcasses, the quarantining and rigorous disinfection of farms, and the implementation of strict sanitary, or “biosecurity”, measures. Restrictions on the movement of live poultry, both within and between countries, are another important control measure. The logistics of recommended control measures are most straightforward when applied to large commercial farms, where birds are housed indoors, usually under strictly controlled sanitary conditions, in large numbers.

Control is far more difficult under poultry production systems in which most birds are raised in small backyard flocks scattered throughout rural or periurban areas.

When culling – the first line of defence for containing outbreaks – fails or proves impracticable, vaccination of poultry in a high-risk area can be used as a supplementary emergency measure, provided quality-assured vaccines are used and [recommendations from the World Organisation for Animal Health \(OIE\)](#) are strictly followed. The use of poor quality vaccines or vaccines that poorly match the circulating virus strain may accelerate mutation of the virus. Poor quality animal vaccines may also pose a risk for human health, as they may allow infected birds to shed virus while still appearing to be disease-free.

Apart from being difficult to control, outbreaks in backyard flocks are associated with a heightened risk of human exposure and infection. These birds usually roam freely as they scavenge for food and often mingle with wild birds or share water sources with them.

Such situations create abundant opportunities for human exposure to the virus, especially when birds enter households or are brought into households during adverse weather, or when they share areas where children play or sleep. Poverty exacerbates the problem: in situations where a prime source of food and income cannot be wasted, households frequently consume poultry when deaths or signs of illness appear in flocks. This practice carries a high risk of exposure to the virus during slaughtering, defeathering, butchering, and preparation of poultry meat for cooking, but has proved difficult to change. Moreover, as deaths of birds in backyard flocks are common, especially under adverse weather conditions, owners may not interpret deaths or signs of illness in a flock as a signal of avian influenza and a reason to alert the authorities. This tendency may help explain why outbreaks in some rural areas have smouldered undetected for months. The frequent absence of compensation to farmers for destroyed birds further works against the spontaneous reporting of outbreaks and may encourage owners to hide their birds during culling operations.

Managing Directors' Review of Operations

THE ROLE OF MIGRATORY BIRDS

During 2005, an additional and significant source of international spread of the virus in birds became apparent for the first time, but remains poorly understood. Scientists are increasingly convinced that at least some migratory waterfowl are now carrying the H5N1 virus in its highly pathogenic form, sometimes over long distances, and introducing the virus to poultry flocks in areas that lie along their migratory routes. Should this new role of migratory birds be scientifically confirmed, it will mark a change in a long-standing stable relationship between the H5N1 virus and its natural wild-bird reservoir.

Evidence supporting this altered role began to emerge in mid-2005 and has since been strengthened. The die-off of more than 6000 migratory birds, infected with the highly pathogenic H5N1 virus, that began at the Qinghai Lake nature reserve in central China in late April 2005, was highly unusual and probably unprecedented. Prior to that event, wild bird deaths from highly pathogenic avian influenza viruses were rare, usually occurring as isolated cases found within the flight distance of a poultry outbreak. Scientific studies comparing viruses from different outbreaks in birds have found that viruses from the most recently affected countries, all of which lie along migratory routes, are almost identical to viruses recovered from dead migratory birds at Qinghai Lake. Viruses from Turkey's first two human cases, which were fatal, were also virtually identical to viruses from Qinghai Lake.

COUNTRIES AFFECTED BY OUTBREAKS IN BIRDS

The outbreaks of highly pathogenic H5N1 avian influenza that began in south-east Asia in mid-2003 and have now spread to a few parts of Europe, are the largest and most severe on record. To date, nine Asian countries have reported outbreaks (listed in order of

reporting): the Republic of Korea, Vietnam, Japan, Thailand, Cambodia, the Lao People's Democratic Republic, Indonesia, China, and Malaysia. Of these, Japan, the Republic of Korea, and Malaysia have controlled their outbreaks and are now considered free of the disease. Elsewhere in Asia, the virus has become endemic in several of the initially affected countries.

In late July 2005, the virus spread geographically beyond its original focus in Asia to affect poultry and wild birds in the Russian Federation and adjacent parts of Kazakhstan. Almost simultaneously, Mongolia reported detection of the highly pathogenic virus in wild birds. In October 2005, the virus was reported in Turkey, Romania, and Croatia. In early December 2005, Ukraine reported its first outbreak in domestic birds. Most of these newer outbreaks were detected and reported quickly. Further spread of the virus along the migratory routes of wild waterfowl is, however, anticipated. Moreover, bird migration is a recurring event. Countries that lie along the flight pathways of birds migrating from central Asia may face a persistent risk of introduction or re-introduction of the virus to domestic poultry flocks.

Prior to the present situation, outbreaks of highly pathogenic avian influenza in poultry were considered rare. Excluding the current outbreaks caused by the H5N1 virus, only 24 outbreaks of highly pathogenic avian influenza have been recorded worldwide since 1959. Of these, 14 occurred in the past decade. The majority have shown limited geographical spread, a few remained confined to a single farm or flock, and only one spread internationally. All of the larger outbreaks were costly for the agricultural sector and difficult to control.

THE DISEASE IN HUMANS

History and epidemiology. Influenza viruses are normally highly species-specific, meaning that viruses that infect an individual species (humans, certain species of birds, pigs, horses, and seals) stay "true" to that species, and only rarely spill over to cause infection in other species. Since 1959, instances of human infection with an avian influenza virus have been documented on only 10 occasions. Of the hundreds of strains of avian influenza A viruses, only four are known to have caused human infections: H5N1, H7N3, H7N7, and H9N2. In general, human infection with these viruses has resulted in mild symptoms and very little severe illness, with one notable exception: the highly pathogenic H5N1 virus.

Of all influenza viruses that circulate in birds, the H5N1 virus is of greatest present concern for human health for two main reasons. First, the H5N1 virus has caused by far the greatest number of human cases of very severe disease and the greatest number of deaths. It has crossed the species barrier to infect humans on at least three occasions in recent years: in Hong Kong in 1997 (18 cases with six deaths), in Hong Kong in 2003 (two cases with one death) and in the current outbreaks that began in December 2003 and were first recognized in January 2004.

A second implication for human health, of far greater concern, is the risk that the H5N1 virus – if given enough opportunities – will develop the characteristics it needs to start another influenza pandemic. The virus has met all prerequisites for the start of a pandemic save one: the ability to spread efficiently and be sustainable among humans. While H5N1 is presently the virus of greatest concern, the possibility that other avian influenza viruses, known to infect humans, might cause a pandemic cannot be ruled out.

Extensive studies of the human cases determined that direct contact with diseased poultry was the source of infection.

The virus can improve its transmissibility among humans via two principal mechanisms. The first is a “reassortment” event, in which genetic material is exchanged between human and avian viruses during co-infection of a human or pig. Reassortment could result in a fully transmissible pandemic virus, characterised by a sudden surge of cases with explosive spread.

The second mechanism is a more gradual process of adaptive mutation, whereby the capability of the virus to bind to human cells increases during subsequent infections of humans. Adaptive mutation, expressed initially as small clusters of human cases with some evidence of human-to-human transmission, would probably give the world some time to take defensive action, if detected sufficiently early.

During the first documented outbreak of human infections with H5N1, which occurred in Hong Kong in 1997, the 18 human cases coincided with an outbreak of highly pathogenic avian influenza, caused by a virtually identical virus, in poultry farms and live markets. Extensive studies of the human cases determined that direct contact with diseased poultry was the source of infection. Studies carried out in family members and social contacts of patients, health workers engaged in their care, and poultry cullers found very limited, if any, evidence of spread of the virus from one person to another. Human infections ceased following the rapid destruction – within three days – of Hong Kong’s entire poultry population, estimated at around 1.5 million birds. Some experts believe that that drastic action may have averted an influenza pandemic.

All evidence to date indicates that close contact with dead or sick birds is the principal source of human infection with the H5N1 virus. Especially risky behaviours identified include the slaughtering, defeathering, butchering and preparation for consumption of infected birds.

In a few cases, exposure to chicken faeces when children played in an area frequented by free-ranging poultry is thought to have been the source of infection. Swimming in water bodies where the carcasses of dead infected birds have been discarded or which may have been contaminated by faeces from infected ducks or other birds might be another source of exposure. In some cases, investigations have been unable to identify a plausible exposure source, suggesting that some as yet unknown environmental factor, involving contamination with the virus, may be implicated in a small number of cases. Some explanations that have been put forward include a possible role of peri-domestic birds, such as pigeons, or the use of untreated bird faeces as fertilizer. At present, H5N1 avian influenza remains largely a disease of birds. The species barrier is significant: the virus does not easily cross from birds to infect humans. Despite the infection of tens of millions of poultry over large geographical areas since mid-2003, fewer than 200 human cases have been laboratory confirmed. For unknown reasons, most cases have occurred in rural and periurban households where small flocks of poultry are kept. Again for unknown reasons, very few cases have been detected in presumed high-risk groups, such as commercial poultry workers, workers at live poultry markets, cullers, veterinarians, and health staff caring for patients without adequate protective equipment. Also lacking is an explanation for the puzzling concentration of cases in previously healthy children and young adults. Research is urgently needed to better define the exposure circumstances, behaviours, and possible genetic or immunological factors that might enhance the likelihood of human infection.

Assessment of possible cases. Investigations of all the most recently confirmed human cases, in China, Indonesia, and Turkey, have identified direct contact with infected birds as the most likely source of exposure. When assessing possible cases, the level of clinical suspicion should be heightened for persons showing influenza-like illness, especially with fever and symptoms in the lower respiratory tract, who have a history of close contact with birds in an area where confirmed outbreaks of highly pathogenic H5N1 avian influenza are occurring. Exposure to an environment that may have been contaminated by faeces from infected birds is a second, though less common, source of human infection. To date, not all human cases have arisen from exposure to dead or visibly ill domestic birds. Research published in 2005 has shown that domestic ducks can excrete large quantities of highly pathogenic virus without showing signs of illness. A history of poultry consumption in an affected country is not a risk factor, provided the food was thoroughly cooked and the person was not involved in food preparation. As no efficient human-to-human transmission of the virus is known to be occurring anywhere, simply travelling to a country with ongoing outbreaks in poultry or sporadic human cases does not place a traveller at enhanced risk of infection, provided the person did not visit live or “wet” poultry markets, farms, or other environments where exposure to diseased birds may have occurred.

Managing Directors' Review of Operations

COUNTRIES WITH HUMAN CASES IN THE CURRENT OUTBREAK

To date, human cases have been reported in six countries, all of which are in Asia: Cambodia, China, Indonesia, Thailand, Turkey, and Vietnam. The first patients in the current outbreak, which were reported from Vietnam, developed symptoms in December 2003 but were not confirmed as H5N1 infection until 11 January 2004. Thailand reported its first cases on 23 January 2004. The first case in Cambodia was reported on 2 February 2005. The next country to report cases was Indonesia, which confirmed its first infection on 21 July. China's first two cases were reported on 16 November 2005. Confirmation of the first cases in Turkey came on 5 January 2006, followed by the first reported case in Iraq on 30 January 2006. All human cases have coincided with outbreaks of highly pathogenic H5N1 avian influenza in poultry.

To date, Vietnam has been the most severely affected country, with more than 90 cases.

Altogether, more than half of the laboratory-confirmed cases have been fatal. H5N1 avian influenza in humans is still a rare disease, but a severe one that must be closely watched and studied, particularly because of the potential of this virus to evolve in ways that could start a pandemic.

Market Impact of Avian Flu to Poultry Industry in Asia

Background: (FAO Report 2004)

The Asian region affected by the spread of the avian flu is estimated to house approximately 7 billion chickens, approximately 40 percent of global totals. The region's share of global poultry meat output is lower--at 27 percent-- due to lower slaughter rates and weights than in developed countries. China and Thailand account for nearly 65 and 7 percent, respectively, of the region's estimated production of 20 million tonnes.

As of January 2004, estimates of Asian poultry culled due to Avian Influenza have exceeded 20 million birds. This accounts for less than one percent of the region's total inventories (see Table 1 for a list of affected countries).

The South East Asia region accounts for approximately one-quarter of world poultry trade (including re-exports from Hong Kong) with China and Thailand the largest exporters.

Accounting for 15 percent of global poultry shipments, China and Thailand are estimated to have exported almost 1.1 million tonnes in 2003, more than half of which went to Japan (see trade flow data in Appendix). To-date, many of the major poultry importing countries have banned poultry imports from both countries.

Table 1 : Status in A.I. Affected Asian Countries

	Bird Cull 1/(million birds)	Inventory	Share of: Inventory	Sector as: % of GDP
Vietnam	4	223	2%	N.A
Thailand	10.7	150	7%	1.00%
Rep. of Korea	2.5	115	2%	0.40%
Taiwan	0.055	134	0%	0.40%
Japan	0.035	283	0%	0.10%
Indonesia	4.7	900	1%	N.A
Cambodia	N.A	23.2		N.A
China	N.A	4662		N.A
Laos	N.A	15.9		N.A
Pakistan	4	157	3%	N.A
Total	25.99	6663.1	0%	

Source: Pro-Med, an animal health daily digest

To date, human cases have been reported in six countries, all of which are in Asia: Cambodia, China, Indonesia, Thailand, Turkey, & Vietnam.



China Poultry Industry

Overview of poultry and its products (FAO Workshop)²

The poultry industry has been developed rapidly in recent years in China. Breeding size and gross output have reached a new level, and poultry products supply has met demand. Industrialization is accelerating, a group of corporations integrating feed production, breeding, manufacture and sale have been established.

In 2002, national poultry for slaughter was 8,328.94 million, including 5,245.73 million broilers (chicken raised for meat consumption). Poultry for slaughter from premises which had an annual inventory over 10,000 broilers each was 1,545.18 million, comprising 18.6% of the total for slaughter. By the end of 2002, the national poultry inventory was 4,799.85 million, including 3,923.60 million chickens, 661.25 million ducks, 215 million geese. Egg poultry inventory was 2,374.58 million, including 655.99 million from egg poultry premises which had over 2,000 egg poultry inventory each, comprising 27.6% of the total. It was obvious that although China's total poultry output had reached a higher level, intensive farming is not very popular.

Now, Chinese national poultry egg production takes the first place in the world, occupying one third of the world total, and poultry meat takes the second place in the world. In 2002, poultry meat production was 13.53 million tons, comprising 19.9% of the animal meat, including 9.48 million ton chicken meat, 2.12 million ton duck meat, 1.93 geese meat million ton. In 2003, Chinese national poultry egg production was 26.07 million tons, 5.8 % higher than that of in 2002.

The breeding levels vary in different regions in China. In general, in the central and eastern part of China, breeding industries are more developed. The main intensive poultry breeding farms are distributed in East China and Central-South China, such as Jiangsu, Shandong, Henan, Hebei, Sichuan, and Guangdong. In these six provinces, poultry inventory contains 57.3% of the total in the country.

As of 2006, China has 90 cases of outbreak, in which 19 humans were infected resulting in 8 deaths. China home bred poultry equates to 20.8% of the world total poultry population. China home bred poultry equates to more than 40% of Asia's total poultry population, producing over 14 billion poultry in 2005.

Currently, China has a total of 645,000 government appointed observers/inspectors, and have implemented a nation-wide vaccination program vaccinating 4.88 billion poultry as of June 2006³. China has developed 2 testing processes: RT-PCR and ELISA, and will soon be implementing new regulations to enforce mandatory regular checks on poultry and other animals as well.

² Workshop On Social And Economic Impacts Of Avian Influenza Control, 8-9 December 2004

³ http://news.xinhuanet.com/english/2006-09/05/content_5052283.htm

Rockeby biomed's work in licensing & marketing its avian flu rapid test has been recognised globally, leading it to be shortlisted for the "Licensing Deal of the Year Award"

Managing Directors' Review of Operations

PRODUCTS

AVIAN FLU DIAGNOSTICS

In November 2005, Rocheby acquired marketing and distribution rights for two avian flu tests applicable to humans and poultry from Pacific Biotech of Thailand. Sales have commenced and Rocheby has engaged distribution partners in Asia Pacific, Middle East and Europe.

The two test kits are for the detection of influenza A virus, including the H5N1 subtype, the agent that causes the bird flu that has been found to infect humans who come into close contact with birds, causing serious and often fatal disease.

One of the tests is a rapid screening method that measures bird flu proteins in samples taken from human nose or throat. The other is a veterinary diagnostic for on-site testing of bird faeces.

Both tests rely on immunological detection of viral protein and have the advantage of being self-contained and yielding the result within 10 minutes of application of the sample to the testing device.

In May 2006, the Company expanded its Avian Flu product portfolio with the distribution agreement with Anigen Diagnostics (Anigen) of Hong Kong for Anigen's Avian Influenza Virus test called VetScreen. Vetscreen is a one-step Gel-Based Reverse-Transcription Polymerase Chain Reaction (RT-PCR) test. It is used to confirm the presence of the Avian Influenza Virus in poultry and human specimens in clinical laboratories, following initial detection using Rocheby's Avian Influenza rapid test which is suitable for in field use.

The Company also secured the tender to supply its Avian Flu rapid test to the Agri-food and Veterinary Authority (AVA) of Singapore in March 2006 and the Romania State Veterinary Laboratories in May 2006.

During the period, the Company participated in several global Avian Flu conferences to promote its Avian Flu Diagnostics. These included the Lancet Asia Medical Forum 2006, 3 to 4 May at Suntec City Convention Centre in Singapore, the Avian Influenza Conferences organized by the International Financial Corporation of the World Bank, held on 29 May 2006 in Cairo, and 2 June 2006 in Istanbul and the First International Conference on Avian Influenza in Humans. Pasteur Institute in Paris, France from 29 to 30 June 2006.

On 29 May 2006, the Company announced that it had signed a Memorandum of Understanding (MOU) with Pacific Biotech, whereby Pacific Biotech will assign the ownership of the avian and human influenza rapid diagnostic tests to Rocheby. The change from the previous marketing agreement to a full rights agreement will result in a reduction in the direct cost of both products of approximately 70%. Following the satisfactory completion of due diligence, the Company executed the full agreement at the end of August 2006.

Rocheby biomed's work in licensing and marketing its avian flu rapid test has been recognised globally, leading it to be shortlisted for the "Licensing Deal of the Year Award" Category under the prestigious **Animal Pharm Report's** inaugural **Animal Pharm Industry Excellence Awards**.

On 11 October 2006, the Company announced that it had been notified of being awarded the supply contract to furnish the Indonesian Department of Agriculture with Rocheby Avian Influenza Antigen Test kits. This comes as the Indonesian Government steps up its effort to monitor and control the escalating number of bird flu cases in that country. This contract is worth AU\$770,155 to Rocheby. The expected delivery of this contract will be completed in the second half of November 2006.



The Company's strategy following the purchase of the flu diagnostic products rights would be to negotiate with global companies on global marketing and distribution rights. Discussions have commenced with several companies and the Company will provide shareholders with updates once more information is confirmed.

Managing Directors' Review of Operations



CANDIA5® ROLLOUT IN EUROPE

Current negotiations with a major multinational pharmaceutical company regarding a pan-European licensing agreement for CanDia5® for the consumer healthcare market in the whole of Europe is still proceeding. This MNC company has completed initial market research activity, and the Company expects the completion of this negotiation in the 2007 financial year.

The Company is also proceeding with the regulatory process of obtaining European approval for the over-the-counter (OTC) sale of CanDia5® for home/self use. Again, the Company expects to achieve this approval in the first half of the 2007 financial year.

On 11 November 2005, the Company announced that the US FDA had placed the Company's 510(k) applications on hold pending the outcome of a clinical data audit. The FDA has requested additional information from the Company pertaining to its 510(k) applications, following its inspection and review of the records of the clinical studies. Following a meeting with FDA officials, the Company has determined that the additional information that the FDA requested will take significant additional time and resources from the Company.

After considering all the relevant circumstances and due to the limited resources available to the Company, the Company has decided to focus on its CanDia5® rollout in Europe, where the near-term business opportunities are more favourable. The Company will address the requests by the FDA at a later date when it has the resources to pursue them.

ORAQUICK® LAUNCH IN SINGAPORE

In December 2005, Rockeby secured exclusive marketing and distribution rights in Singapore for the OraQuick® Rapid HIV 1/2 Antibody test.

On June 2006, the Company announced that it has obtained approval from the Singapore Ministry of Health (MOH) for the sale of the OraQuick® Rapid HIV-1/2 Antibody Test in Singapore. Rockeby biomed (S) Pte Ltd, is the exclusive distributor of OraQuick® in Singapore, and Singapore is the first country in Asia to have granted the approval for OraQuick®.

OraQuick® is the only US FDA-approved oral fluid rapid HIV test which can detect the presence of antibodies to both HIV-1 and HIV-2 in oral fluid, fingerstick whole blood, venipuncture whole blood or plasma samples. The test kit is easy to use and with oral fluid, requires no needles or hazardous waste disposal. The results of the test are available within 20 minutes. The OraQuick® test conforms with the test approved by the U.S. Food and Drug Administration, made for distribution within the United States.

Singapore has approved the OraQuick® test for the restricted use of testing HIV, in hospitals for emergency/special situations e.g. post-needlestick exposure testing and testing on multiple injury patients, and in designated medical clinics for anonymous Human Immunodeficiency Virus (HIV) testing of patients using OraQuick®. At these clinics, individuals can test for HIV with OraQuick® and in the event, the test results are shown as "preliminary positive" & only if so, the doctor will proceed to do the blood-based laboratory test by Western blot to confirm that the person is HIV-positive. Through this entire process, the individual identity will be kept anonymous.

Managing Directors' Review of Operations

MARKETING REVIEW

During the last six months Rocheby has undergone tremendous change, reinventing itself and focusing its strength and expertise to build upon new and promising projects. At the same time, the Company has not abandoned existing projects which are geared towards enhancing the value of Rocheby's own intellectual property resting in CanDia5[®] and SysCan3.

With the lead-time for the development of our own products longer than expected, the management has decided to augment our strategy in terms of product and marketing focus. Whereas six months ago the majority of the activities were geared towards CanDia5[®], we are now spending more time and effort on new and highly promising activities and projects. These projects are immediately income-generative and impact directly on our profitability. The geographic scope of the Company has also shifted parallel to this new orientation. Activities for marketing CanDia5[®] are now almost wholly-focused on Europe whereas we are leveraging on our traditional closeness to the Asian market for our additional product classes.

Below is a summary of the Company's marketing activities, and the expansion of our product portfolio. A description of the marketing efforts for Rocheby Influenza A Virus Antigen tests is also provided. Finally, we give a short outlook on what the Company intends to focus on during the next six months.

CanDia5[®]

For more than a year, Rocheby's management has realized that the potential for CanDia5[®] at this moment in time rests in Europe. Many of the European markets are more developed and patients and customers have a different mindset towards medicine and self-treatment.

Moreover, economic factors such as the erosion of the traditional market segment of pharmacies has increased pressure on these businesses to actively search for new ways to attract and retain customers.

Specifically in the UK in the last few years we have observed the entrance of aggressive supermarkets into the retail pharmaceutical sector. These supermarkets also started pushing their way into the traditional pharmacy business by opening in-store pharmacies geared to deliver to their customers a one-stop shop for all their needs. This development was a wake-up call for the traditional pharmacy sector that found itself suddenly faced with steadily dropping foot traffic and vanishing sales. Therefore, the traditional pharmacies have tried to reinvent themselves by adding more services and benefits for its customers. One area which caught Rocheby's attention was the expanding market for rapid tests in pharmacies. Tests for blood glucose, cholesterol levels etc. have been added to the service menu of the pharmacies. The pharmacist is trying to play a more active role in assisting the customer in his/her choices to pursue well-being and health. Naturally this change has opened the doors wide open for Rocheby's CanDia5[®] test. Rocheby has started negotiation with three companies in the UK to evaluate the potential of offering the test in pharmacies supporting the pharmacist in selling the right medication for a vaginal problem. Previously, the only option the pharmacist had was to sell an antifungal agent. With the arrival of CanDia5[®] in the portfolio the pharmacist will be able to guide the customer in the right direction toward healing and eliminating the problem. This is one of the type of services pharmacists are longing to have in their hands as it gives them the edge over the supermarket chains who are more efficient but naturally less service-orientated.

Rocheby believes that within this calendar year, we can sign up at least one of the potential partners in the UK to sell CanDia5[®]. Moreover, Rocheby's CanDia5[®] will soon be receiving an OTC CE mark making it even more suitable for the active promotion by pharmacists.

Besides the UK, Rocheby is also active in Poland and expects a contract to be signed by the second half of this calendar year for the distribution of CanDia5[®]. The Polish market is very different from the UK market in the sense that CanDia5[®] will not be sold OTC by pharmacists but rather be used in the doctor's office. The main thrust of the marketing strategy in Poland is based on the recent published study in the British Medical Journal of a multicentre, prospective, randomized controlled trial, conducted in non-hospital based antenatal clinics in Vienna Austria⁴. In this study, it is highlighted that screening for Candidiasis can have a marked effect on the reduction of the number of pre-terms births. Poland already undertakes prenatal screening and therefore CanDia5[®] is seen as a welcome addition to the diagnostic tools of the physician. Rocheby, jointly with its partner Symphar in Poland, is currently running a localized acceptance/marketing test for CanDia5[®] with generalist doctors and gynecologists.

Although the majority of its marketing activities are in Europe, Rocheby is not neglecting its original base in Asia. During the last couple of months, Rocheby has reactivated the promotion of CanDia5[®] in Singapore where the Company is now working on developing a small core of steady users of CanDia5[®], which can be used as a reference panel to the profession on how and when to use CanDia5[®]. Moreover, the Company has found that several local diagnostic laboratories are interested in using CanDia5[®] as a diagnostic tool, indicating the superiority of CanDia5[®] in terms of speed and accuracy of the test in comparison to microscopy and culture.

⁴ Kiss H, et al. *BMJ* 2004;329:371-374 |

Managing Directors' Review of Operations



NEW PRODUCTS

Through our discussions with pharmacists in the UK and doctors in Poland, Rockeby has identified an acute need for rapid diagnostic testing devices for sexually transmitted diseases in Europe. This need neatly fits with Rockeby's mission to be a company engaged in the providing of rapid diagnostic kits for infectious diseases.

Together with our European partners Rockeby has been able to identify a whole battery of tests mainly focusing on common sexually transmitted disease, which are needed in the European setting. Through Rockeby's network we have been able to identify a number of potential suppliers for these tests and are now concluding supply agreements with these companies in order to satisfy demand for such tests in Europe.

This activity clearly illustrates the broadened mission Rockeby expects to fulfill in the international markets. We have moved away from a one-product-company-concept to reinventing ourselves as a company that can fulfill the needs for rapid diagnostic tests for infectious diseases in a variety of settings and a diversity of customers.

To this end, Rockeby can boast one success story for this new strategy. A success story, which even surprised us.

BIRD FLU TEST

Rockeby Influenza A Virus Antigen Test is the success story which encapsulates the new Rockeby. In November 2005, as Managing Director of the Company, I made the strategic decision to take over the marketing of our contract manufacturer's "rapid bird flu test." At that time, the threat of bird flu was waning and the first wave of bird flu had disappeared from Thailand. Nevertheless, with foresight and with a conviction that the bird flu danger was not over, our team started marketing the product under our own name. The marketing activities centred on attending specific conferences which were dealing with bird flu directly such as a Pandemic Influenza conference in Paris, Bangkok, Singapore, Ankara, Cairo etc. Almost every opportunity was followed up and the efforts have paid off handsomely for the Company. Rockeby now receives daily enquiries for our veterinary test for detecting strains of Influenza A and has sold the product in Asia, Europe, Middle East and Africa. Moreover, Rockeby has been able to win several tenders, a solid testimony that the test has been widely-accepted and competitively-priced.

A few months ago, Rockeby agreed with our partner Pacific Biotech to acquire the technological know-how for this product - effectively making it our own product. We will enhance the product by leveraging on our in-house R & D capability.

Rockeby can proudly claim that in the nine months since it first entered the market we have become a player in this field to be reckoned with. We have gained widespread market acceptance and, aside from new customers, we have enjoyed a tremendous level of repeat purchases.

We are now in discussions to enter the Chinese market with a potential joint venture for our veterinary test. This project is the biggest challenge for the company. However, it also has the potential to reap us the greatest financial rewards. We will be able to harness our China experience and integrate it with the expertise brought by our partner to manage this project.

Rockeby has seen a tremendous upsurge in activities and possibilities, which not only translate in additional opportunities but into an increase of sales, cash flow, and profit.

BIRD FLU TEST (CONT)

Besides the veterinary test Rockeby also has an Influenza A test for human use. Currently the product's sales record is not as impressive. However, we are in negotiations with a major multi-national pharmaceutical company that approached us to supply the human flu test on an OEM basis. Again, this is an excellent endorsement of our products.

THE COMING YEAR

Rockeby has seen a tremendous upsurge in activities and possibilities, which not only translated into additional opportunities but also increased sales.

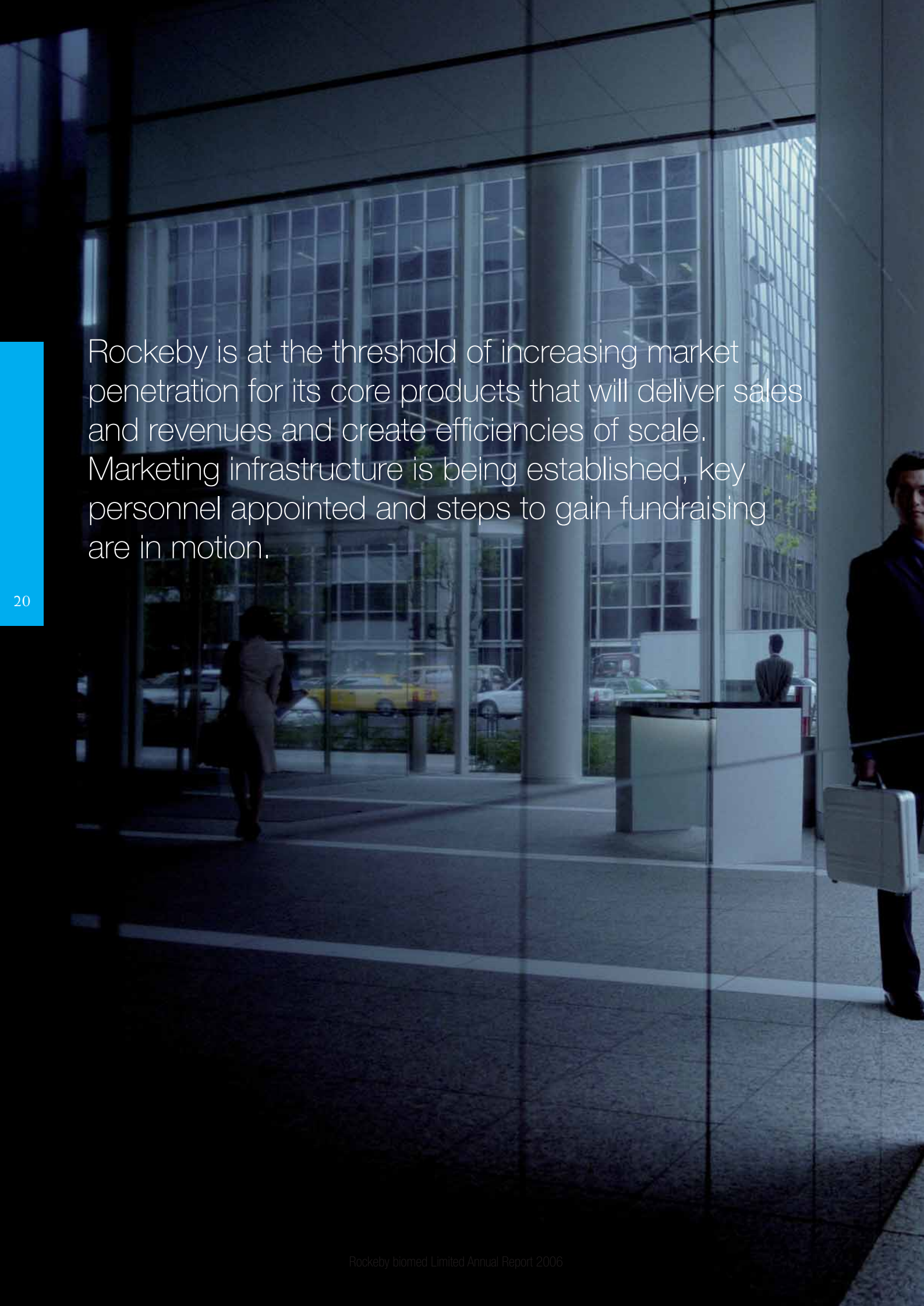
The Company's goals are to finalize negotiations with our European partners, commence sales in the first quarter of 2007 for CanDia5[®] and other products in the infectious disease range which we have promised to source and market to our partners there.

Additionally, Rockeby believes that the demand for veterinary Influenza A tests will continue to soar and we expect to be able to book several of the tenders we are involved in. Concurrently, Rockeby's management team will be busy with driving forward the joint venture in China, where we expect to have some concrete results to present to our shareholders by the end of this calendar year.

The board and management of Rockeby would like to invite you to continue to follow the Company's successful transformation and participate in this exciting new phase of Rockeby.



Dr. Tan Sze Wee
Managing Director & CEO
Rockeby biomed Limited

A photograph of a modern building's glass facade. The image is taken from a low angle, looking up at the building. The glass reflects the sky and surrounding environment. In the foreground, a man in a dark suit and tie is walking towards the right, carrying a silver briefcase. To his left, a woman in a light-colored dress is walking away from the camera. The building's structure is composed of large glass panels and dark metal frames. The overall lighting is somewhat dim, suggesting an overcast day or early morning/late afternoon.

Rockeby is at the threshold of increasing market penetration for its core products that will deliver sales and revenues and create efficiencies of scale. Marketing infrastructure is being established, key personnel appointed and steps to gain fundraising are in motion.

Executive Team



Dr Tan Sze Wee
(Managing Director/
Chief Executive Officer)

Dr Tan was appointed to the Board on 29 October 2003. He is responsible for the overall management and strategic direction of the Rocheby Group of Companies.



Mr Roger Schmid
(Vice President – Marketing)

Prior to joining Rocheby, Roger was the Director of Isu Fang Co Ltd, a company dedicated to pharmaceutical consulting and holding of product registrations in Thailand. Prior to Isu Fang, he was a Director of Vita Vartis based in Singapore, and was responsible for setting up of the quality control and supply chains for Traditional Chinese Medicine products in China. From 2001 to 2004, Roger was the Director, Regional Business Solutions of DKSH based in Bangkok.



Dr David Capes
(Vice President – R&D)

Prior to joining Rocheby, David was the Director of Research and Development for Becton Dickinson Asia Pacific where he was responsible for the development of the strategic direction for the Research & Development Division of Becton Dickinson in the Asia Pacific Region. David brings with him more than 20 years of pharmaceutical industry experience, starting as Pharmacy Intern at the Royal Perth Hospital in 1980 and subsequently as Pharmacist at Sir Charles Gardiner Hospital in Western Australia. From 1988 to 1996, David was the Quality Assurance, Regulatory Affairs, Research & Development and Product Manager for GO Medical Industries, a family owned, start-up medical device manufacturing company.

Executive Team



Ms Betty Lim
(Financial Controller)

Prior to joining us on 1 July 2001, Betty was the International Financial Controller for Organic.com Pte Ltd., a USA-based professional services company from 1999 to 2001. In addition to her experience in start-up environments, she has accumulated vast experience in the pharmaceuticals industry from her 22 years of employment as Financial Controller with Bristol-Myers Squibb (Singapore) Pte Ltd.



Mr Adrian de Jong
(Quality, Regulatory Affairs &
Operations Manager)

Prior to joining Rockeby on 3 April 2006, Adrian held the position of Senior Manager - Quality Assurance, Quality Control & Regulatory Affairs at MP Biomedicals Asia Pacific Pte Ltd (formerly known as Genelabs Diagnostics Pte Ltd).

Patent Status

ROCKEY CANDIDA ASSAY PATENT STATUS

Country	Patent No. (Application No)	(Priority Date) Filing Date	Status	Expiry Date
International	PCT/AU02/00507	23 April 2002	Completed	N/A
Australia	2002248996	23 April 2002	Patent Granted 2002248996	23 April 2022
Canada	2445430	23 April 2002	Pending – exam request due 23/04/07	23 April 2022
China	02808809.3	23 April 2002	Pending-remanded for further prosecution	23 April 2022
Europe*	02717869.8	23 April 2002	Pending	23 April 2022
Hong Kong	4104615.3	28 June 2004	Published	23 April 2022
India	1529/KOLNP/2003	23 April 2002	Pending	23 April 2022
Japan	2002-585990	23 April 2002	Publication No. 2004-529350; response filed 22/06/06	23 April 2022
Singapore	200305829-4	23 April 2002	Pending – Grant fees paid	23 April 2022
United States	09/841188	25 April 2001	Patent Granted No. 6,916.626	23 April 2022
United States (Div)	10/682807	10 October 2003	Pending Publication number US-2004-0166546-A1	23 April 2022
United States (Div)	11/316739	27 December 2005	Pending	23 April 2022

*The European patent covers the following countries under the European Patent Convention:



Austria	Albania	Belgium	Bulgaria
Czech Republic	Cyprus	Denmark	Estonia
Finland	France	Germany	Greece
Hungary	Ireland	Italy	Latvia
Liechtenstein	Lithuania	Luxembourg	Macedonia
Monaco	Netherlands	Portugal	Romania
Slovakia	Slovenia	Switzerland	Spain
Sweden	Turkey	United Kingdom	

ROCKEY CANDIA5® PATENT STATUS

Country	Patent No. (Application No)	(Priority Date) Filing Date	Status	Expiry Date
International	PCT/AU2005/001072	21 July 2005	Pending – 30mth deadline 28/09/07	N/A
United States	11/186289	21 July 2005	Awaiting examination	25 July 2026



Trademark Status

SINGAPORE TRADE MARKS STATUS REPORT

File No.	Trade Mark	Reg/Appln No.	Class	Filing Date	Renewal Date	Specification of Goods or Services	Status
231511		T03/05125E	5	10.04.2003	10.04.2013	Pharmaceuticals; nutritional supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; dietary supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; diagnostic preparations for medical purposes, diagnostic kits for medical purposes.	Registered.
232379	Candia5	T03/09089G	5	16.06.2003	16.06.2013	Pharmaceuticals; nutritional supplements; dietary supplements; diagnostic preparations for medical purposes, diagnostic kits for medical purposes.	Registered.
232380		T03/09090J	5	16.06.2003	16.06.2013	Pharmaceuticals; nutritional supplements; dietary supplements; diagnostic preparations for medical purposes, diagnostic kits for medical purposes.	Registered.


Trademark Status

CTM STATUS REPORT



File No.	Trade Mark	Reg/Appln No.	Class	Filing Date	Renewal Date	Specification of Goods or Services	Status
250822	CanDia5	4409249	5	19.04.2005	N.A.	Pharmaceuticals; nutritional supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; dietary supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; diagnostic preparations for medical purposes; diagnostic kits for medical purposes.	Advertised. Opposition filed. Pending settlement negotiations with opponent.
250823		4409281	5	19.04.2005	N.A.	Pharmaceuticals; nutritional supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; dietary supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; diagnostic preparations for medical purposes; diagnostic kits for medical purposes.	Advertised. Opposition filed. Pending settlement negotiations with opponent.
250824		4409306	5	06.05.2005	N.A.	Pharmaceuticals; nutritional supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; dietary supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; diagnostic preparations for medical purposes; diagnostic kits for medical purposes.	Advertised. Pending issuance of Certificate of Registration.

Trademark Status

MALAYSIA TRADE MARKS STATUS REPORT

File No.	Trade Mark	Reg/Appln No.	Class	Filing Date	Renewal Date	Specification of Goods or Services	Status
232369		2003-08499	5	10.07.2003	N.A.	Pharmaceuticals; nutritional supplements; dietary supplements; diagnostic preparations for medical purposes, diagnostic kits for medical purposes; all included in Class 5.	Accepted for advertisement. Not yet advertised.

THAILAND TRADE MARKS STATUS REPORT

File No.	Trade Mark	Reg/Appln No.	Class	Filing Date	Renewal Date	Specification of Goods or Services	Status
232371	Candia5	522917/ Kor201921	10	01.07.2003	01.07.2013	Diagnostic kits for medical purpose to diagnose fungal infection caused by Candida species.	Registered.
232372		522918/ Kor201922	10	01.07.2003	01.07.2013	Diagnostic kits for medical purpose to diagnose fungal infection caused by Candida species.	Registered.
232373		522919/ Kor204854	10	01.07.2003	01.07.2013	Diagnostic kits for medical purpose to diagnose fungal infection caused by Candida species.	Registered.

Trademark Status

USA TRADE MARKS STATUS REPORT

File No.	Trade Mark	Reg/Appln No.	Class	Filing Date	Renewal Date	Specification of Goods or Services	Status
243652	Candia5	78/529,976	5	09.12.2004	N.A.	Pharmaceuticals; nutritional supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; dietary supplements for medical use excluding all those containing milk or milk products or those constituting part of the ingredients in milk or milk products; diagnostic preparations for medical purposes, diagnostic kits for medical purposes.	Period to oppose over. Awaiting information to file Statement of Use.



Directors' Report



The directors of Rocheby biomed Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

DIRECTORS

SEET Lip Chai, Dr. (MBBS, DPH, FAMS), Chairman

Dr Seet was appointed to the Board as non-executive Chairman on 29 October 2003. He is presently a full-time Associate Professor in Strategic Management at the Nanyang Technological University, Singapore and Deputy Director of the Nanyang Technopreneurship Center and was the Director of the Executive MBA Program. Prior to joining Nanyang Technological University, he was the Managing Director (Greater China) of GlaxoWellcome PLC, which was based in Shanghai from 1997 to 1998.

From 1984 to 1994, Dr Seet was the Regional Director (Asia) for Medical and Regulatory Affairs of the then Ciba-Geigy South East Asia Pte Ltd. He was subsequently appointed Vice-President of the then SmithKline Beecham International PLC and General Manager and Director of Tianjin SmithKline & French Labs Ltd based in Tianjin, Peoples Republic of China ('PRC').

Dr Seet held the rank of Colonel and was the Chief Medical Officer of the Singapore Armed Forces Medical Corps from 1968 to 1984, before taking early retirement and joining the pharmaceutical industry in 1984.

A Fellow of the Academy of Medicine, Singapore ("FAMS"), Dr Seet is also an Honorary Member, Visiting Professor and Honorary Consultant to several of China's leading medical, educational and professional organisations. He graduated from the University of Singapore with a Bachelor of Medicine and a Bachelor of Surgery ("MBBS") and subsequently gained his Diploma in Public Health ("DPH") with Distinction.

Since 1 September 2005, Dr. Seet has been appointed an independent non-executive Director of Jiwa Bio-Pharm Holdings Limited (Stock Code: 2327) a company listed on the Hong Kong GEM Board.

During the past 3 years Dr Seet has not served as a Director of any other listed companies other than those disclosed above.

TAN Sze Wee, Dr. (MBBS, MBA), Managing Director and Chief Executive Officer

Dr Tan was appointed to the Board on 29 October 2003. He is responsible for the overall management and strategic direction of the Company and the Rocheby Group. Dr Tan joined Rocheby on 1 July 2001.

Prior to joining Rocheby, Dr Tan was the Asia-Pacific Associate Regional Medical Director for Mead Johnson Nutritionals, a division of Bristol-Myers Squibb Company from 1997 to 2001.

Dr Tan is currently the official spokesperson and council member of the Singapore Medical Association ("SMA"). He has been part of the SMA's Council since 1996 and has performed the duties of Assistant Honorary Secretary, Assistant Treasurer and Treasurer during this period of time. He is currently the Chairman of Singapore Medical Association Private Limited, the commercial entity of SMA. Dr Tan has represented SMA on several Ministry of Health committees such as the Singapore Medical Council Continuing Medical Education Co-ordinating Committee, and the Maintenance of Competence Committee. He also represented SMA as the Vice-Chairman of the Advertising Standards Authority of Singapore's Executive Committee. Dr Tan also served as a Member of the Broadcasting Appeals Advisory Committee, of the Ministry of Information, Communications and the Arts. Dr Tan was awarded the Spirit of Enterprise 2004 award for his success in Entrepreneurship, and is currently serving as a board member to the Spirit of Enterprise Board. He is also a committee member to the Citibank –YMCA Youth for Causes Project.

Dr Tan was appointed to the Singapore Parliament as a Nominated Member of Parliament from 2 January 2005 to 5 May 2006.

Dr Tan graduated with a Bachelor of Medicine and a Bachelor of Surgery ("MBBS") from the National University of Singapore, and attained his Masters of Business Administration ("MBA") from Warwick University, UK. He is an affiliate member of the Faculty of Pharmaceutical Medicine, Royal College of Physicians, UK.

During the past 3 years Dr Tan has not served as a Director of any other listed companies.

Richard L. CASEY (BSc, MBA), Non-Executive Director

Mr Casey was appointed to the Board on 29 October 2003.

He is currently an independent biotechnology consultant and has over 30 years of experience in the pharmaceutical and biotechnology industries. From 1987 to 1998, Mr Casey held the positions of President, Chairman and Chief Executive Officer of Scios Inc., a California-based biopharmaceutical company, where he managed to raised a total of US\$250 million through equity financing, preferred stock sales and payments for product development collaborations with companies such as Genentech, Pfizer, Eli Lilly, Bayer, American Home Products, Aventis and Novo Nordisk. Mr Casey served as President of the Pharmaceuticals Division at ALZA Corporation from 1984 to 1987. Prior to joining ALZA Corporation, Mr Casey held various positions within Syntex Corporation from 1976 to 1984, including Director of Market Research and Vice President of Sales at Syntex Laboratories, and General Manager of the Syntex Medical Diagnostics Division. From 1973 to 1976, he worked with Eli Lilly and Company in a variety of sales, marketing and market research roles.

Directors' Report (Continued)

DIRECTORS (CONT'D)

Richard L. CASEY (BSc, MBA), Non-Executive Director (continued)

From 1968 to 1970, he served in the United States Peace Corps (Ethiopia) where he was responsible for writing, producing and presenting science and mathematics programs on Ethiopian Educational Television.

Mr Casey earned a Bachelors degree in Chemistry and a MBA from Stanford University, USA.

During the past 3 years Mr Casey has not served as a Director of any other listed companies.

TAN Swan Jeng, Non-Executive Director

Mr Tan was appointed to the Board on 8 March 2004.

Mr. Tan had been a partner of Coopers & Lybrand, Singapore from 1969 to 1996, and held the position of Senior Partner and Executive Chairman from 1988 to 1996 prior to his retirement. He was also a board member of Coopers & Lybrand, International during that period. Mr Tan served as Chairman of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore for several years.

Mr Tan now sits on the boards of the following Singapore-listed companies:

- Sembawang Kimtrans Limited (since 13 January 2000) and
- Wheelock Properties (Singapore) Limited (since 1 December 2001).

Mr Tan also served on the board of Courts (Singapore) Limited from 25 August 1997 until his retirement on 14 July 2006.

Dr. Nicholas SAMARAS, Non-Executive Director

Dr Nick Samaras was appointed to the Board on 25 November 2005 and has over 20 years' experience in the global life sciences industry and is the Managing Director and founder Australis Biosciences. He has worked in senior roles with global life science companies such as Applied Biosystems Pty Ltd, a subsidiary of Applera Corporation, and Perkin Elmer. During his career he has been involved in a diverse range of roles within the industry including senior management, marketing, sales, business development and research.

He holds a BSc(Hons) in Pathology and Immunology, Monash Medical School, PhD in Molecular Parasitology from the Walter & Eliza Hall Institute, University of Melbourne and an MBA from the School of Management, RMIT University. Dr Samaras is a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors and a Williamson Fellow, Leadership Victoria.

Dr Samaras consults to and is a member of several organizations including: Chairman of Replikun Biomed Pty Ltd., CEO of MuriGen Therapeutics, Non Executive Director of Teeleostin Pty Ltd, Non Executive Director of the Australian Genome Research Facility and Non Executive Director of the Australian Phenomics Facility.

He is a member of the NHMRC Research Committee, Visiting Fellow of the John Curtin School of Medical Research, Australian National University, Honorary Associate of the Faculty of Medicine, Nursing and Health Sciences, Monash University and Honorary Scientific Associate, School of Molecular Sciences, Faculty of Science, Technology and Engineering, La Trobe University.

During the past 3 years Dr Samaras has not served as a Director of any other listed companies.

Sam DI GIACOMO, CA, F. Fin Non-Executive Director

Mr Di Giacomo was appointed to the Board on 5 April 2006

Mr Di Giacomo brings 17 years of experience in the global biotechnology sector to Rockeby. He has been involved in numerous capital raisings at all stages from seed to IPO, and has been involved in a number of technology and distribution licensing deals. He is also a founder of a number of Australian Life Science Companies including pSimedica Ltd, Australian Cancer Technology (now Avantogen), Resonance Health, and founding director of Advance Healthcare Group.

Mr Di Giacomo is an Associate member of The Institute of Chartered Accountants in Australia (ACA) and a Fellow of the Financial Service Institute of Institute of Australia (FINSIA). He is a Fellow of the Australian Institute of Management and a member of the Australian Biotech Association. In addition, Mr Di-Giacomo is a Certified Public Accountant (CPA).

During the past 3 years Mr Di Giacomo also acted as Executive Director of Advance Healthcare Group Limited until his resignation on 29th September 2005.

David FREE, Non-Executive Director

Mr Free was appointed to the Board on 8 March 2004 and resigned on 30 November 2005.

He has held various senior executive appointments including Managing Director of Ciba-Geigy South East Asia, an affiliate of the major Swiss multinational pharmaceutical and specialty chemical company, from 1981 until his retirement in 1996. He also held posts in Western Australia and Japan, and has wide experience in North-east and South-east Asian markets. When in Singapore, he was also a director of several affiliate companies in the region.

Directors' Report (Continued)



DIRECTORS (CONT'D)

John R. WARMINGTON, Dr. (MA, PhD), Non-Executive Director

Dr Warmington was appointed to the Board on 29 October 2003 and resigned on 31 March 2006.

He held the position as Director of Research & Development of Rocheby biomed (Australia) Pty Ltd until 10 March 2005 when he relinquished this position to assume a consultancy role as Chief Scientist. Dr Warmington remained as Executive Director of Rocheby biomed (Australia) Pty Ltd and as Non-Executive Director of Rocheby biomed Limited until his resignation.

Dr Warmington is an Associate Professor at the School of Biomedical Sciences at Curtin University and is Director of the Candida Research Unit, Curtin University which obtained grants from the Australian National Health and Medical Research Council and other funding bodies to undertake research into how Candida causes infection. Dr Warmington founded Genetica, an Australian biotechnology research and development company in 1995, where he was involved in basic research and the subsequent development of Rocheby's core technology.

Dr Warmington is a graduate of Cambridge University, UK where he obtained his Bachelor of Arts (Honours, Genetics) and Master of Arts in Genetics. He also holds a doctorate ("PhD") in Biotechnology from the University of Manchester, UK, and has published over 30 papers in refereed international journals. In addition, he has been an invited speaker at several national and international conferences. Dr Warmington was also one of the initial scientists on the Yeast Genome Project.

During the past 3 years Dr Warmington has not served as a Director of any other listed companies.

COMPANY SECRETARY

Darren CRAWTE LL.B (Hons), ACA

Darren Crawte is a Chartered Accountant with seven years of experience working within public practice, specifically within the area of audit and assurance both in the United Kingdom and Australia. In addition Darren has had significant experience of assisting listed companies meeting their reporting and compliance obligations in Australia. Darren was appointed Company Secretary on 30 November 2005 upon the resignation of the previous Company Secretary, Ban Huat Tan.

PRINCIPAL ACTIVITIES

During the year the principal activity of the Company was the research, development and marketing of rapid testing technologies for infectious disease in humans and animals. The company's core specialisation is the development of rapid testing diagnostics.

REVIEW OF OPERATIONS

Milestone Update

Rocheby is at the threshold of increasing market penetration of our core products that will deliver sales and revenues and create efficiencies of scale. Marketing infrastructure is being established, key personnel appointed and steps to **boost our financial resources**.

□ Avian Flu Diagnostics

In November 2005, Rocheby acquired marketing and distribution rights for two H5N1 avian flu tests applicable to humans and poultry, respectively from Pacific Biotech of Thailand. Sales have commenced and Rocheby has engaged distribution partners in Asia Pacific, Middle East and Europe.

In May 2006, the Company expanded its Avian Flu product portfolio with the distribution agreement with Anigen Diagnostics (Anigen) of Hong Kong for Anigen's Avian Influenza Virus test called VetScreen. Vetscreen is a one-step Gel-Based Reverse-Transcription Polymerase Chain Reaction (RT-PCR) test. It is used to confirm the presence of the Avian Influenza Virus in poultry and human specimens in clinical laboratories, following initial detection using Rocheby's Avian Influenza rapid test which is suitable for in field use.

The Company also secured the tender to supply its Avian Flu rapid test to the Agri-food and Veterinary Authority (AVA) of Singapore in March 2006 and the Romania State Veterinary Laboratories in May 2006.

During the period, the Company participated in several global Avian Flu conferences to promote its Avian Flu Diagnostics. These included the Lancet Asia Medical Forum 2006 held on 3 to 4 May in Singapore, the Avian Influenza Conferences organized by the International Financial Corporation of the World Bank, held on 29th May 2006 in Cairo, and 2nd June 2006 in Istanbul and the First International Conference on Avian Influenza in humans. Pasteur Institute in Paris, France from 29th to 30th June 2006.

On 29th May 2006, the Company announced that it had signed a Memorandum of Understanding (MOU) with Pacific Biotech, whereby Pacific Biotech will assign the ownership of the avian and human influenza rapid diagnostic tests to Rocheby. The change from the previous marketing agreement to a full rights agreement will result in a reduction in the direct cost of both products of approximately 70%. Following the satisfactory completion of due diligence, the Company executed the agreement on 28th August 2006.

The Company's strategy following the purchase of the flu diagnostic products rights would be to negotiate with global companies on global marketing and distribution rights. Discussions have commenced with several companies and the Company will provide shareholders with updates once more information is confirmed.

Directors' Report (Continued)

REVIEW OF OPERATIONS (CONT'D)

❑ CanDia5® Rollout in Europe

The current negotiations with a major multi-national pharmaceutical company regarding a pan-European licensing agreement for CanDia5® for the consumer healthcare market in the whole of Europe is still proceeding.

The Company is also proceeding with the regulatory process of obtaining European approval for the over-the-counter (OTC) sale of CanDia5® for home/self use. Again, the Company expects to achieve this approval in the first half of the 2007 financial year. On 11 November 2005, the Company announced that the US FDA had placed the Company's 510(k) applications on hold pending the outcome of a clinical data audit. The FDA has requested additional information from the Company pertaining to its 510(k) applications, following its inspection and review of the records of the clinical studies. Following a meeting with FDA officials, the Company has determined that the additional information that the FDA requested will take significant additional time and resources from the Company. After considering all the relevant circumstances and due to the limited resources available to the Company, the Company has decided to focus on its CanDia5® rollout in Europe, where the near-term business opportunities are more favourable. The Company will address the requests by the FDA at a later date when it has the resources to pursue them.

❑ OraQuick® Launch in Singapore

In December 2005, Rocheby secured exclusive marketing and distribution rights in Singapore for the OraQuick® Rapid HIV 1/2 Antibody test.

In June 2006, the Company announced that it has obtained approval from the Singapore Ministry of Health (MOH) for the sale of the OraQuick® Rapid HIV-1/2 Antibody Test in Singapore. Rocheby biomed (S) Pte Ltd, is the exclusive distributor of OraQuick® in Singapore, and Singapore is the first country in Asia to have granted the approval for OraQuick®.

OraQuick® is the only US FDA-approved oral fluid rapid HIV test which can detect the presence of antibodies to both HIV-1 and HIV-2 in oral fluid, fingerstick whole blood, venipuncture whole blood or plasma samples. The test kit is easy to use and with oral fluid, requires no needles or hazardous waste disposal. The results of the test are available within 20 minutes. The OraQuick® test conforms with the test approved by the U.S. Food and Drug Administration, made for distribution within the United States.

Singapore has approved the OraQuick® test for the restricted use of testing HIV, in hospitals in emergency/special situations e.g. post-needlestick exposure testing and testing on multiple injury patients, and in designated medical clinics for anonymous Human Immunodeficiency Virus (HIV) testing of patients using OraQuick®. At these clinics, individuals can test for HIV with OraQuick® and in the event, the test results are shown as "preliminary positive" and only if so, the doctor will proceed to do the blood-based laboratory

test by Western blot to confirm that the person is HIV-positive. Through this entire process, the individual identity will be kept anonymous.

Corporate Update

Fundraising

During the year, the following fundraising activities took place

- Completion of a non renounceable rights issue for the issue of 123,374,133 shares at 1 cent each to raise \$1,233,741 before costs
- A placement to sophisticated investors of 45,000,000 shares at 3.5 cents each to raise \$1,575,000 before costs
- A non renounceable rights issue for the for the issue of 63,347,171 listed options at 1 cent each pursuant to a prospectus dated 30th March 2006.

Financial Performance

Revenue

The Company's revenue position has been improved by the doubling in sales for the year to 30th June 2006. Total revenue (including other income) increased from \$222,000 to \$633,000 for the year. Of the total revenue, product sales increased in the period under report from \$140,000 to \$280,000 with the majority of the improved sales coming from the Company's Bird Flu diagnostics products. Other income of \$353,000 comprised exchange gains of \$318,000, and interest and other income of \$35,000.

The Company's strategy of rolling out its bird flu diagnostics products in markets around the world has necessitated extra costs, which impacted on gross margins. This was ostensibly due to the high product cost associated with distributing the bird flu diagnostics, as well as competitive pricing incurred to secure several governmental tenders and credit terms provided to distributors. However, following the purchase of the Avian Influenza and Human Influenza Virus product rights from Pacific Biotech in May 2006, an anticipated reduction in the cost of the kits will improve the long-term financial return to Rocheby. The cost reductions as a result of the purchase of the product rights came into effect as of 1st July 2006.

Operating Expense

Total operating expenditure for the period (before impairment losses in relation to non current assets and amortisation of intangibles) increased by 6% from \$4,161,245 to \$4,412,501. Major movements are discussed below

- Sales and marketing expense was reduced from \$1,062,610 to \$797,352 during the period. This was primarily due to savings in product support costs as the Company moved to full service distributors in Singapore and Australia/New Zealand.

Directors' Report (Continued)



REVIEW OF OPERATIONS (CONT'D)

Operating Expense (continued)

- Regulatory expense increased from \$458,620 to \$670,842 during the period. These costs were mainly related to the FDA regulatory expense for the 510(k) application, the expense for the annual ISO certification exercise, as well as the cost of applying for European approval to sell CanDia5 over-the-counter (CE OTC Approval).
- Research and development expense decreased from \$913,650 to \$897,842 and relates to a number of research and development activities focusing on development of diagnostics tests for female and maternal healthcare. The reduction in R&D expenditure is in line with the Company's current focus on commercialising its existing products.
- Administrative expenses increased marginally from \$1,150,791 to \$1,253,578. This was primarily for the cost of general administration overheads in support of the Group. Included in the expense for the year, was \$150,000 were for compliance costs in relation to our corporate office in Australia. Payroll and related costs for the Group's general administrative function accounted for \$500,000; travel and related expenses \$100,000; legal expenses for patent and trademark filing and audit fees of \$140,000.
- Other operating expense increased from \$555,570 to \$780,645. This included \$140,000 for company secretarial services and corporate advice, \$134,000 for board fees and expenses, \$196,000 for employee share option expense.

The directors have performed a valuation of the intangible asset and identified an impairment loss resulting in a charge for the year of \$3,906,686. The valuation was performed in accordance with AASB 136 – Impairment and the resulting loss was mainly due to the directors decision to increase the applicable discount rate to 30% to reflect the fact that the Company has experienced delays in reaching a formal agreement with a European distributor

Tax benefit for the year comprises \$248,668 in relation to tax rebates for research and development expenditure incurred by the Company in prior periods and a \$1,515,586 reduction in the deferred tax liability resulting from the impairment and amortisation of the intangible asset. The tax rebate is a recurring annual item, and the Company is also seeking other government grants and incentives in both Australia and Singapore.

Financial Position

The company recognises that its current financial position shows a deficit of current assets over current liabilities of \$574,333. This was mainly due to the state of the fundraising environment for the market in general in May 2006 when the Company was seeking funds under a rights issue.

The directors have taken steps post year end to ensure that the Company maintains its status as a going concern. A bank facility of \$500,000 (secured by a personal guarantee of Dr. Sze Wee Tan) and the directors agreement to defer outstanding fees of approximately \$100,000 has ensured that the company has been able to meet all outstanding obligations. Subsequent to the year end, the Company has appointed Novus Capital Limited ("Novus") to provide corporate advice and assist with investor relations. Subsequent to the year end the Company has completed the private placement of 32,000,000 shares at 1.5 cents per share to sophisticated investors in Singapore. This has raised \$480,000 in additional working capital for the Company. The placement is being followed by an offer to existing shareholders to participate in a Share Purchase Plan to raise up to \$1,710,000 which was announced to the market on 12th September 2006. The directors are currently in advanced negotiations with Novus to implement a fundraising strategy for the rest of the 2007 financial year.

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity.

SUBSEQUENT EVENTS

The Company has secured a line of credit totalling approximately \$500,000 (secured by a personal guarantee of Dr. Sze Wee Tan) to assist in meeting working capital requirements. The facility is ongoing and renewable on an annual basis.

On 12th September the Company announced that it had obtained firm commitments for the placement of 32,000,000 shares to sophisticated investor at 1.5 cents per share to raise \$480,000. The shares were subsequently allotted on 22 September 2006.

Also on 12th September 2006 the Company announced its intention to launch a Share Purchase Plan to raise up to \$1,710,000.

FUTURE DEVELOPMENTS

Rockeby biomed will continue to develop the commercialisation of its key products whilst ensuring it maintains a broad portfolio of research and development activity.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for the payment of dividends has been made.

Directors' Report (Continued)

SHARE OPTIONS

Share options granted to directors and executives

During and since the end of the financial year an aggregate of share options were granted to the following directors and executives of the company:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
Seet Lip Chai	500,000	Rockeby biomed Ltd	500,000
Sze Wee Tan	2,500,000	Rockeby biomed Ltd	2,500,000
Richard Casey	500,000	Rockeby biomed Ltd	500,000
Tan Swan Jeng	500,000	Rockeby biomed Ltd	500,000
Nicholas Samaras	500,000	Rockeby biomed Ltd	500,000
John Warmington	500,000	Rockeby biomed Ltd	500,000
Nicholas Plumeridge	1,000,000	Rockeby biomed Ltd	1,000,000
Betty Lim	1,000,000	Rockeby biomed Ltd	1,000,000
David Capes	450,000	Rockeby biomed Ltd	450,000
Roger Schmid	2,000,000	Rockeby biomed Ltd	2,000,000

Share options that expired/lapsed/ cancelled during the year

Details of options that expired are:

Issuing entity	Number of options expiring	Class of shares	Exercise price of option	Expiry date of options
Expired				
Rockeby biomed Ltd	2,000,000	Ordinary	45 cents	21/04/06
Cancelled				
Rockeby biomed Ltd	4,500,000	Ordinary	20 cents	12/07/09
Lapsed				
Rockeby biomed Ltd	500,000	Ordinary	20 cents	12/07/09
Rockeby biomed Ltd	1,000,000	Ordinary	3.88 cents	04/01/09

Share options on issue at year end

Details of unissued shares or interests under option are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Rockeby biomed Ltd	30,406,250	Ordinary	20 cents	10/11/08
Rockeby biomed Ltd	1,910,000	Ordinary	3.88 cents	04/01/09
Rockeby biomed Ltd	2,000,000	Ordinary	2.7 cents	26/04/09
Rockeby biomed Ltd	63,347,171	Ordinary	5 cents	31/05/09
Rockeby biomed Ltd	5,000,000	Ordinary	2 cents	30/11/10

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

No shares were issued during the period as a result of the exercise of options.

Directors' Report (Continued)



INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company entered into a contract insuring the directors and executive officers of the Company and of any related body corporate against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 9 board meetings, 3 nomination and remuneration committee meetings and 2 audit committee meetings were held.

Directors	Board of Directors		Remuneration & Nomination Committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
Seet Lip Chai	9	7	-	-	1	1
Sze Wee Tan	9	9	-	-	-	-
Richard Casey	9	8	3	3	-	-
Tan Swan Jeng	9	9	-	-	2	2
Nicholas Samaras	3	3	2	2	1	1
Sam Di Giacomo	1	1	-	-	-	-
David Free	6	6	1	1	-	-
John Warmington	8	8	-	-	-	-

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Ordinary Shares	Option over Shares
Seet Lip Chai	4,050,101	862,840
Sze Wee Tan	35,100,000	4,319,824
Richard Casey	2,500,000	835,937
Tan Swan Jeng	-	500,000
Nicholas Samaras	-	500,000
Sam Di Giacomo	-	-

Directors' Report (Continued)

REMUNERATION REPORT

Remuneration policy for directors and executives

The Board policy for determining emoluments is based on the principle of remunerating Directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market emolument packages for similar positions within the industry and in consultation with external consultants. The Board appreciates the interrelationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board will discuss these issues internally and with candidates prior to engaging additional directors or senior executives in the future.

Director and executive details

The directors of Rocheby biomed Ltd during the year were:

- Seet Lip Chai, Non executive Chairman
- Sze Wee Tan, Managing Director and Chief Executive Officer
- Richard Casey, Non executive Director
- Tan Swan Jeng, Non executive Director
- Nicholas Samaras (appointed 25 November 2005), Non Executive Director
- Sam Di Giacomo (appointed 5 April 2006), Non Executive Director
- David Free (resigned 30 November 2005), Non Executive Director
- John Warmington (resigned 31 March 2006), Non executive Director

The group executives employed by Rocheby biomed Ltd during the year were as follows:

- Betty Lim, Financial Controller
- Karl Mikschofsky (resigned 31 March 2006)
- David Capes, Vice President Research and Development
- Nick Plumeridge (resigned 10 April 2006), Vice President Sales & Marketing
- Roger Schmid (appointed 24 April 2006), Vice President Sales & Marketing

Directors' Report (Continued)



REMUNERATION REPORT (CONT'D)

Elements of director and executive remuneration

Remuneration packages contain the following key elements:

1. Short term employee benefits – salaries/ fees, bonuses, and other short term employee benefits such as health benefits and transport allowances.
2. Post employment benefits – superannuation
3. Share based payments – share options granted under the Employee Incentive Option Plan.

The following table discloses the remuneration of the directors of the company:

	Primary				Post-employment		Equity	Total
	Salary & fees	Bonus	Non- monetary	Other benefits	Super-annuation	Other	Options	
2006	\$	\$	\$	\$	\$	\$	\$	\$
Seet Lip Chai	35,001	-	-	-	-	-	8,138	43,139
Sze Wee Tan	200,013	-	-	19,513	6,024	-	36,623	262,173
Richard Casey	180,733	-	-	-	-	-	8,138	188,871
Tan Swan Jeng	24,457	-	-	-	-	-	8,138	32,595
Nicholas Samaras	13,359	-	-	-	1,202	-	1,880	16,441
Sam Di Giacomo	5,356	-	-	-	482	-	-	5,838
David Free	9,640	-	-	-	869	-	-	10,509
John Warmington	89,264	-	-	-	1,554	-	8,138	98,956
TOTAL	557,823	-	-	19,513	10,131	-	71,055	658,522

The following table discloses the remuneration of the executives of the company:

	Primary				Post-employment		Equity	Total
	Salary & fees	Bonus	Non- monetary	Other benefits	Super-annuation	Other	Options	
2006	\$	\$	\$	\$	\$	\$	\$	\$
Roger Schmid	33,540	-	-	-	-	-	6,585	40,125
Betty Lim	100,006	8,131	-	-	5,732	-	34,600	148,469
David Capes	146,160	45,403	-	-	17,680	-	15,570	224,813
Karl Mikschofsky	83,350	-	-	15,003	12,386	-	-	110,739
Nick Plumeridge	140,509	14,907	-	-	2,351	-	34,600	192,367
TOTAL	503,565	68,441	-	15,003	38,149	-	91,355	716,513

Directors' Report (Continued)

REMUNERATION REPORT (CONT'D)

Elements of remuneration related to performance

The remuneration of Rockeby's executive directors and executives comprise some or all of the following elements:

- Fixed salary
- Bonus
- Share options
- Superannuation
- Other benefits including transport allowance and health benefits

Bonuses are granted to executives at the complete discretion of directors with reference to performance against key performance indicators particular to the executive. David Capes was awarded a bonus for the achievement of research and development project deliverables (ie projects initiated and milestones achieved)

Betty Lim and Nick Plumeridge were awarded bonuses to reflect the fact that significant new sales contracts and other business opportunities were negotiated and finalised during the year.

Share based payments are granted at the complete discretion of the Board and follow the recommendations of the Nomination and Remuneration Committee.

A summary of the key terms of each contract of employment is set out in Note 4 to the financial statements.

Value of options issued to Directors and Executives.

The following table discloses the value of options granted, exercised or lapsed during the year.

	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapse	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
	Value at grant date	Value at exercise date	Value at time of lapse			
2006	\$	\$	\$	\$	\$	%
Seet Lip Chai	24,900	-	24,000	48,900	8,138	19%
Sze Wee Tan	124,500	-	120,000	244,500	36,623	14%
Richard Casey	24,900	-	24,000	48,900	8,138	4%
Tan Swan Jeng	24,900	-	24,000	48,900	8,138	25%
Nicholas Samaras	24,900	-	-	24,900	1,880	11%
Sam Di Giacomo	-	-	-	-	-	-
David Free	-	-	-	-	-	-
John Warmington	24,900	-	-	24,900	8,138	8%
Roger Schmid	48,800	-	-	48,800	6,585	16%
B. Lim	34,600	-	-	34,600	34,600	23%
D. Capes	15,570	-	-	15,570	15,570	7%
K. Mikschofsky	-	-	-	-	-	-
N. Plumeridge	34,600	-	24,400	59,000	34,600	18%

Directors' Report (Continued)



REMUNERATION REPORT (CONT'D)

Value of options - basis of calculation

The following factors and assumptions were used in determining the fair value of options of grant date:

1. The total value of options granted, exercised and lapsed during the year is calculated based on the following:
 - Fair value of the option at grant date multiplied by the number of options granted during the year; plus
 - Fair value of the option at the time of exercise multiplied by the number of options exercised during the year; plus
 - Fair value of the option at the time of lapse multiplied by the number of options lapsed or cancelled during the year.
2. The total value of options included in remuneration for the year is calculated in accordance with AASB 124 "Related Party Disclosures" which requires the following:
 - The value of options is determined at grant date and is included in remuneration on a proportionate basis from grant date to vesting date. Where options immediately vest, the full value of the option is recognised in remuneration in the current year.
 - With the exception of options granted to directors and to Roger Schmid, all options vest at the date of issue. Options granted to directors vest in three equal tranches on the first, second and third anniversary of the grant date. Options granted to Roger Schmid vest in two equal tranches on the first and second anniversary of the grant date. As such, only a portion of the fair value of the options at grant date have been included in remuneration for the year.

The following table shows the inputs to the valuation model for each class of share based payment

Grant Date	Expiry Date	Fair Value per Option (cents)	Exercise Price (cents)	Share Price on Grant Date (cents)	Estimated Volatility %	Risk Free Interest Rate %
30/11/2005	30/11/2010	4.98	2.00	5.00	247%	5.40%
01/05/2006	30/11/2010	2.47	2.00	2.60	171%	5.75%
31/01/2006	04/01/2009	3.47	3.88	4.00	170%	5.75%
26/04/2006	26/04/2009	2.44	2.70	2.50	258%	5.75%

PROCEEDINGS ON BEHALF OF THE COMPANY

No persons have applied for leave pursuant to section 237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of Rocheby biomed Ltd.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 6 to the financial statements.

Directors' Report (Continued)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 44 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Dr. Sze Wee Tan
Director

Singapore,
28 September 2006

Corporate Governance Report



Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"), Rocheby Biomed Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and the activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.rockeby.com. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

Shortly before the end of the reporting period, the Company adopted comprehensive documentation for the administration of corporate governance. Therefore, as at the end of the Reporting Period, the Company complies with each of the ASX Guidelines.

For a portion of the reporting period the Company did not comply with the following ASX Guidelines:

Principle 2 Recommendation 2.1: The majority of the Board should be independent directors

Notification of Departure: Up until April 2006, the board did not have a majority of independent directors.

Explanation for Departure: At the time, the Board's composition was considered adequate for the Company's current size and operations and included an appropriate mix of skills and expertise relevant to the Company's business. During the reporting period there were changes to the Board and from April 2006 the majority of the Board was independent.

Prior to the adoption of formal corporate governance documentation, the Company did not comply with the following recommendations:

Recommendation 1.1: Formalise and disclose the functions reserved to the Board and those delegated to management
Formalise directors' appointments in writing

Recommendation 2.4: The Board should establish a Nomination Committee.

Recommendation 3.1: Establish a Code of Conduct to guide the directors the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the Company's integrity

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Disclose the policy concerning trading in Company securities by directors, officers and employees.

Recommendation 4.1: Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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 and operational results and are in accordance with relevant accounting standards.

Recommendation 4.2: The Board should establish an Audit Committee.

Recommendation 4.3: Structure the Audit Committee so that it consists of:

- only non-executive directors
- a majority of independent directors
- an independent chairperson, who is not chairperson to the Board
- at least three members.

Recommendation 4.4: The Audit Committee should have a formal charter.

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Corporate Governance Report (Continued)

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (CONT'D)

Recommendation 7.1: The Board or appropriate Board committee should establish policies on risk oversight and management.

Recommendation 7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board

7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 9.2: The Board should establish a Remuneration Committee.

Recommendation 10.1: Establish and disclose a Code of Conduct to guide compliance with legal and other obligations to legitimate stake holders.

In all cases, the Board followed the recommendations in practice, but had not formally documented them. The recommendations have now been documented and disclosed and accordingly the Company now complies with each of these recommendations.

NOMINATION COMMITTEE

Prior to April 2006, the full Board carried out the role of the nomination committee. The full Board convened as a nomination committee twice during the Reporting Period. A Nomination Committee has now been established and its members are Richard Casey (Chair), Dr Nicholas Samaras (Independent). Sam Di Giacomo assumed chairmanship of the Audit Committee with effect from 5 May 2006

AUDIT COMMITTEE

Names and Qualifications of Audit Committee Members

Prior to April 2006, the full Board carried out the role of the audit committee. The Board convened as an audit committee twice during the Reporting Period. An audit committee has now been established and its members are Tan Swan Jeng (Chair, Independent), Sam Di Giacomo (Independent) and Dr Nicholas Samaras (Independent).

Mr Tan Swan Jeng was a partner of Coopers & Lybrand, Singapore from 1969 to 1996, and held the position of Senior Partner and Executive Chairman from 1988 to 1996 prior to his retirement. He was also a board member of Coopers & Lybrand, International during that period. Mr Tan served as Chairman of the Accounting Standards Committee of the Institute of Certified Public Accountants for several years.

Further details on the qualifications of both Nicholas Samaras and Sam Di Giacomo are laid out in the Directors' Report for the year.

Given Swan Jeng Tan's experience and qualifications, the Board considers Swan Jeng Tan meets the test of financial literacy, expertise and industry knowledge.

REMUNERATION COMMITTEE

Company's Remuneration Policies

Executive Directors' Remuneration

The board is responsible for determining and reviewing compensation arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on an annual basis by reference to the recommendations of the Managing Director and industry and marketing conditions. In determining the nature and amount of officer's emoluments, the Board takes into consideration the Company's financial and operational performance.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of transport allowance and health benefits;
- Post-employment benefits – including superannuation and prescribed retirement benefits;
- Equity – shares and share options granted under the Company's Incentive Option Scheme; and
- Other benefits.

Corporate Governance Report (Continued)



REMUNERATION COMMITTEE (CONT'D)

Non-Executive Directors' Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, while incurring a cost which is acceptable to shareholders. The Company's constitution provides that this remuneration may be divided among the non-executive Directors in such a fashion as the Board may determine. Notice of any proposed increase in the non-executive Directors' remuneration and the total amount of the remuneration payable to the non-executive Directors as a result of the proposed increase must be given to members in the notice convening the general meeting at which the increase is to be proposed. A full detail of remuneration is included in the Remuneration Report for the year ended 30th June 2006.

Names of Remuneration Committee Members and their attendance at Committee Meetings

The Board convened as a remuneration committee three times during the Reporting Period. A Remuneration Committee has now been established and its members are Richard Casey (Chair), Sam Di Giacomo (Independent) and Dr Nicholas Samaras (Independent).

OTHER

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing the applicable information is set out in the Directors' Report.

Identification of Independent Directors

In considering independence of directors, the Board refers to the criteria for independence as recommended by the ASX. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

The independent directors of the Company are Dr Lip Chai Seet, Swan Jeng Tan, Dr Nicholas Samaras and Sam Di Giacomo.

Statement concerning availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

During the Reporting Period an internal evaluation of the performance of the Board and its members was performed. The evaluation process was coordinated by a non executive director and comprised an anonymous survey of each Board Member to assess levels of current performance and areas where improvements may be achieved in subsequent periods. The results were discussed at a meeting of the entire Board and suitable recommendations made.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement for non-executive directors.

Auditor's Independence Declaration



The Board of Directors
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c/o Ord Group Pty Ltd
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28 September 2006

Dear Board Members

Rockeby biomed Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Rockeby biomed Limited.

As lead audit partner for the audit of the financial statements of Rockeby biomed Limited for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

AT Richards
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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Independent audit report to the members of Rockeby biomed Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Rockeby biomed Limited (the company) and the consolidated entity, for the financial year ended 30 June 2006 as set out on pages 21 to 58. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Member of
Deloitte Touche Tohmatsu

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Deloitte.

Qualification

As disclosed in Notes 11 and 12 to the financial statements, the company and consolidated entity has, within non-current assets, investments in controlled entities and intellectual property with carrying values as at 30 June 2006 of \$7,222,926 and \$10,522,000 respectively ("the assets"). As set out in Notes 11 and 12 the recoverability of the carrying value of the assets is dependent on the ability of the company and consolidated entity to achieve certain matters. AASB 136, "Impairment of Assets", requires an entity to ensure that an asset is not carried at more than its recoverable amount. An entity is required to write down assets to their recoverable amount when their carrying value is greater than their recoverable amount. We have been unable to obtain sufficient appropriate audit evidence of the recoverable amount of the assets and, accordingly, we have been unable to determine whether the recoverable amount of the assets are at least equal to their carrying value. In the event that the carrying value of the assets exceeds their recoverable amount, it would be necessary for the carrying value of the assets to be written down to their recoverable amount.

Qualified Audit Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of our work as discussed in the qualification paragraph not existed, the financial report of Rockeby biomed Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001

Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 'Going Concern', there is significant uncertainty whether the company and consolidated entity will be able to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.



DELOITTE TOUCHE TOHMATSU



AT Richards

Partner

Chartered Accountants

Perth, 28 September 2006

Directors' Declaration



The directors declare that:

- (a) 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;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Dr. Sze Wee Tan', written in a cursive style.

Dr. Sze Wee Tan
Director

Singapore, 28 September 2006

Statement of Financial Performance

	NOTE	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue	2	280,381	140,143	-	-
Cost of sales	2	(269,282)	(12,606)	-	-
Gross profit		11,099	127,537	-	-
Other income	2	353,246	82,263	21,944	61,396
Sales & marketing expense		(797,352)	(1,062,610)	-	-
Regulatory affairs expense		(670,842)	(458,620)	-	-
Research and development costs		(897,842)	(913,650)	-	-
Administration expenses		(1,253,578)	(1,150,791)	(150,194)	(158,080)
Finance costs		(12,242)	(19,804)	-	-
Depreciation and amortisation	2	(1,208,481)	(1,216,172)	(762)	(750)
Impairment of non-current assets	2	(3,906,686)	-	(6,827,884)	(3,770,458)
Other expenses		(780,645)	(555,770)	(705,222)	(437,784)
Loss before income tax benefit		(9,163,323)	(5,167,617)	(7,662,118)	(4,305,676)
Income tax benefit	3	1,764,254	773,902	-	-
Loss attributable to members of the parent entity		(7,399,069)	(4,393,715)	(7,662,118)	(4,305,676)
Loss per share:					
Basic (cents per share)	19	(2.56)	(2.69)	-	-
Diluted (cents per share)	19	(2.56)	(2.69)	-	-

Notes to the financial statements are included on pages 52 to 85

Statement of Financial Position



	NOTE	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents		100,658	425,446	29,687	245,273
Trade and other receivables	7	427,710	298,464	19,795	6,805
Inventories	8	195,145	22,603	-	-
Total current assets		723,513	746,513	49,482	252,078
Non-current assets					
Property, plant and equipment	10	48,710	83,088	1,299	2,061
Other financial assets	11	-	-	7,222,926	11,128,674
Other intangible assets	12	10,522,000	15,582,981	-	-
Total non-current assets		10,570,710	15,666,069	7,224,225	11,130,735
Total assets		11,294,223	16,412,582	7,273,707	11,382,813
Current liabilities					
Trade and other payables	13	1,049,974	647,872	292,734	269,179
Borrowings	14	135,712	42,607	-	-
Provisions	15	112,160	77,479	-	-
Total current liabilities		1,297,846	767,958	292,734	269,179
Non-current liabilities					
Deferred tax liabilities	3	3,015,404	4,530,990	-	-
Total non-current liabilities		3,015,404	4,530,990	-	-
Total liabilities		4,313,250	5,298,948	292,734	269,179
Net assets		6,980,973	11,113,634	6,980,973	11,113,634
Equity					
Issued capital	16	27,346,376	24,646,842	27,346,376	24,646,842
Reserves	17	1,687,972	1,121,098	1,862,982	1,033,059
Accumulated losses	18	(22,053,375)	(14,654,306)	(22,228,385)	(14,566,267)
Total equity		6,980,973	11,113,634	6,980,973	11,113,634

Notes to the financial statements are included on pages 52 to 85

Statement of Cash Flows

	NOTE	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		399,803	163,274	12,990	56,438
Payments to suppliers and employees		(4,126,240)	(4,148,658)	(631,388)	(454,250)
Interest received		25,562	77,203	21,944	61,396
Net cash used in operating activities	26 (d)	(3,700,875)	(3,908,181)	(596,454)	(336,416)
Cash flows from investing activities					
Payment for property, plant and equipment		(20,024)	(30,374)	-	(175)
Net cash (used in)/provided by investing activities		(20,024)	(30,374)	-	(175)
Cash flows from financing activities					
Proceeds from issues of equity securities		3,442,213	3,000,000	3,442,213	3,000,000
Payment for share issue costs		(139,207)	(296,880)	(139,207)	(296,880)
Loans to related entities		-	-	(2,922,138)	(3,744,155)
Proceeds from borrowings		75,975			
Repayment of borrowings		(584)	(7,654)	-	-
Net cash provided by financing activities		3,378,397	2,695,466	380,868	(1,041,035)
Net decrease in cash and cash equivalents		(342,502)	(1,243,089)	(215,586)	(1,377,626)
Cash and cash equivalents at the beginning of the financial year		383,423	1,626,512	245,273	1,622,899
Cash and cash equivalents at the end of the financial year	26 (a)	40,921	383,423	29,687	245,273

Notes to the financial statements are included on pages 52 to 85

Statement of Changes in Equity



	NOTE	Consolidated		Company	
		2006 \$	2005 \$	2006 \$	2005 \$
Total Equity at beginning of financial year		11,113,634	12,674,819	11,113,634	12,674,819
Exchange differences on translation of foreign operations	17	(263,049)	88,039	-	-
Loss for the period	18	(7,399,069)	(4,393,715)	(7,662,118)	(4,305,676)
Total recognised income and expense for the period		(7,662,118)	(4,305,676)	(7,662,118)	(4,305,676)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	16,17	3,333,006	2,703,120	3,333,006	2,703,120
Employee share options	17	196,451	41,371	196,451	41,371
		3,529,457	2,744,491	3,529,457	2,744,491
Total Equity at the end of the financial year		6,980,973	11,113,634	6,980,973	11,113,634

Notes to the financial statements are included on pages 52 to 85

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE	CONTENTS
1	Summary of accounting policies
2	Loss from operations
3	Income taxes
4	Key management personnel remuneration
5	Share based payment arrangements
6	Remuneration of auditors
7	Current trade and other receivables
8	Inventories
9	Non current trade and other receivables
10	Property, plant and equipment
11	Non current financial assets
12	Other intangible assets
13	Current trade and other payables
14	Current borrowings
15	Current provisions
16	Issued capital
17	Reserves
18	Accumulated losses
19	Loss per share
20	Expenditure commitments
21	Contingencies
22	Subsidiaries
23	Segment information
24	Related party disclosures
25	Subsequent events
26	Notes to the cash flow statement
27	Financial instruments
28	Impacts of the adoption of Australian equivalents to International Financial Reporting Standards
29	Additional company information

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 26 September 2006.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the company's and consolidated entity's financial position, financial performance and cash flows is discussed in note 28.

The directors have also elected under s.334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 119 'Employee Benefits' (December 2004), even though the Standard is not required to be applied until annual reporting periods beginning on or after 1 January 2006.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 28), the consolidated entity's date of transition.

a. Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company and consolidated entity have incurred a net loss after tax for the year ended 30 June 2006 of \$7,662,118 and \$7,399,069 respectively (2005: \$4,305,676 and \$4,393,715 respectively) and experienced net cash outflows from operating activities of \$596,454 and \$3,700,875 respectively (2005: \$336,416 and \$3,908,181 respectively). As at 30 June 2006 the Company and consolidated entity had net current asset deficiencies of \$243,252 and \$574,333 (2005: \$17,100 and \$21,445 respectively).

The directors have taken steps subsequent to 30 June 2006 to ensure the Company and the consolidated entity continue as going concerns. These steps included:

- obtained a bank facility of \$500,000 (secured by a personal guarantee of Dr. Sze Wee Tan);
- obtained the directors' agreement to defer amounts payable to them which as at 30 June 2006 represented \$100,770;

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

a. Going concern (continued)

- raised a further \$480,000 before costs through a private placement via the issue of 32,000,000 shares at an issue price of 1.5 cents per share;
- appointed Novus Capital to provide corporate advice and assist the company in securing additional funds; and
- announced on 12 September 2006 a share purchase plan for the issue of shares to existing shareholders at an issue price of 1.5 cents per share to raise up to \$1,710,000 before costs.

The ability of the Company and the consolidated entity to continue as going concerns and to pay their debts as and when they fall due is dependent on the following:

- the ability of the Company and the consolidated entity to secure further funds (\$1,710,000) through the share purchase plan announced on 12 September 2006;
- the ability of the Company and the consolidated entity to secure additional funding through either the issue of further shares, convertible notes or a combination. The Company has appointed an advisor with respect to raising these funds;
- securing a pan-European licensing arrangement for CanDia5 with a global pharmaceutical or biotechnology company. The Company is currently engaged in detailed discussions with three parties in this regard;
- the Company's H5N1 avian flu tests for humans and poultry continuing to generate revenues through its distribution network across Europe and the Middle East in addition to the Asia Pacific region;
- the ability to successfully and profitably market its products through existing and new markets.

Since the end of the last financial year the Company has raised \$3,303,006 (net of costs) from a combination of private placements and two Entitlements issues. The directors believe that they will continue to be successful in securing additional funds through debt or equity issues.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company and consolidated entity will achieve the matters set out above.

Notwithstanding this, there is significant uncertainty whether the Company and the consolidated entity will be able to continue as going concerns.

Should the Company and the consolidated entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company and the consolidated entity be unable to continue as going concerns.

b Principles of Consolidation

A subsidiary is any entity Rockeby Biomed Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All subsidiaries have a June financial year-end.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where subsidiaries have entered or left the group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of subsidiaries are shown as a separate item in the consolidated financial report.

c Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

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

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

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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 group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The company and its wholly owned Australian resident entities are eligible to consolidate for tax purposes under this legislation.

During the year, the Directors' undertook a formal review of the implications of establishing a tax consolidation group and decided that it would not be beneficial for the Rocheby group to proceed with tax consolidations at this stage.

As a result, only the financial effects of the mandatory aspects of the enabling legislation has been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

d Inventories

Inventories are measured at the lower of cost and net realisable value f

e Property, Plant and Equipment

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

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors who assess whether any of the impairment indicators as outlined in AASB 136 are present and to ensure it is not in excess of the recoverable amount from these assets.

The recoverable amount is assessed as the higher of the asset's fair value (less costs to sell) or its value in use which is assessed as the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining value in use.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the group 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	3-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets 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.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities in the group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or otherwise over the term of the lease if shorter.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

f Leases (continued)

Lease payments for operating leases are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits for the leased asset are consumed.

g Impairment of Assets

At each reporting date, the group 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 assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to profit and loss immediately.

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

h Intangibles

Intellectual Property

Intellectual Property is recognised at its cost of acquisition. The directors have determined that the Intellectual Property has a useful life of 15 years and is carried at cost less any accumulated amortisation and any impairment losses.

Research and development

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

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combinations are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably

i Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group entities is determined as the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

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

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

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the reporting date.
- Income and expenses are translated at the exchange rates prevailing at the date of the transaction.

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

j Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



k Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

m Revenue and Income

Revenue from the sale of goods is recognised when the group has transferred the significant risks and rewards of ownership of the goods to customers.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

n Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

o Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

p Share Based Payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a Black and Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

q Comparative Figures

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

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
2. LOSS FROM OPERATIONS				
(a) Revenue				
Sales revenue	280,381	140,143	-	-
(b) Other Income				
Interest revenue	25,562	82,263	21,944	61,396
Exchange gains	317,926	-	-	-
Other income	9,758	-	-	-
	353,246	82,263	21,944	61,396
(c) Loss before income tax				
The loss before income tax has been arrived at after charging the following expenses.				
Cost of sales	269,282	12,606	-	-
Depreciation of plant and equipment	54,186	61,878	762	750
Amortisation of intangible assets	1,154,295	1,154,294	-	-
	1,208,481	1,216,172	762	750
Loss on disposal of fixed assets	4,351	-	-	-
Impairment of intangible assets	3,906,686	-	-	-
Impairment/ (reversal of impairment) of investments in controlled entities	-	-	12,684,745	(2,086,403)
Impairment/ (reversal of impairment) of loans to controlled entities	-	-	(5,856,861)	5,856,861
	-	-	6,827,884	3,770,458
Employee benefit expense:				
Defined contribution plans	84,531	113,546	4,480	10,043
Equity settled share-based payments	196,451	41,371	196,451	41,371
Other employee benefits	1,308,850	1,491,070	134,297	162,044
	1,589,832	1,645,987	335,228	213,458

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
3. INCOME TAXES				
(a) Income tax recognised in profit or loss				
Tax income comprises:				
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(1,515,586)	(351,611)	-	-
Tax refund for research and development expenditure in prior periods	(248,668)	(422,291)	-	-
Total tax income	(1,764,254)	(773,902)	-	-
The prima facie income tax income on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:				
Loss from operations	(9,163,323)	(5,167,617)	(7,662,118)	(4,305,676)
Income tax income calculated at 30%	(2,748,997)	(1,550,285)	(2,298,635)	(1,291,703)
Non-deductible expenses				
- impairment of non current assets	1,172,006	-	2,048,365	1,131,138
- amortisation of intangible assets	346,287	346,287	-	-
- research and development	254,269	258,757	-	-
- Share based payments expense	58,935	12,411	58,935	12,411
- Other	10,166	5,003	-	-
Effect of lower tax rates overseas	179,629	179,694	-	-
Tax refund for research and development expenditure in prior periods	(248,668)	(422,291)	-	-
Reduction in deferred tax liability	(1,515,586)	(351,611)	-	-
Unused tax losses and tax offsets not recognised as deferred tax assets	727,705	748,133	191,335	148,154
Total tax income	(1,764,254)	(773,902)	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.				
(b) Deferred tax balances				
Deferred tax liabilities comprise:				
Temporary differences	3,015,404	4,530,990	-	-
	3,015,404	4,530,990	-	-

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

3. INCOME TAXES (CONT'D)

Taxable and temporary deductible differences arise from the following

	Consolidated 2006			Consolidated 2005		
	Opening balance	Charged to Income	Closing balance	Opening balance	Charged to Income	Closing balance
	\$	\$	\$	\$	\$	\$
Gross deferred tax liabilities						
Intangible asset	4,530,990	(1,515,586)	3,015,404	4,882,601	(351,611)	4,530,990

	Consolidated		Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses – revenue	3,025,746	2,186,876	527,901	309,205
Temporary differences	111,204	107,936	3,608,185	4,200,655
	3,136,950	2,294,812	4,136,086	4,509,860

4. KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of Rockeby biomed Ltd during the year were:

Seet Lip Chai	(Chairman, Non executive)
Sze Wee Tan	(Managing Director)
Richard Casey	(Non executive Director)
Tan Swan Jeng	(Non executive Director)
Nicholas Samaras	(Non executive Director) appointed 25 November 2005
Sam Di Giacomo	(Non executive Director) appointed 5 April 2006
David Free	(Non executive Director) resigned 30 November 2005
John Warmington	(Non executive Director) resigned 31 March 2006
Roger Schmid	(Vice President, Sales and Marketing) appointed 24 April 2006
Betty Lim	(Financial Controller)
David Capes	(Vice President, Research and Development)
Karl Mikschofsky	(Sales and Marketing Manager) resigned 31 March 2006
Nick Plumeridge	(Vice President, Marketing) resigned 10 April 2006

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Short term employee benefits	1,164,345	1,109,543	-	-
Post employment benefits	48,280	57,451	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	162,410	4,280	162,410	4,280
	1,375,035	1,171,274	162,410	4,280

(a) Key management personnel remuneration

The Nomination and Remuneration Committee reviews the remuneration packages of all key management personnel on an annual basis and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries.

No specific service or performance criteria are used to determine the amount of compensation paid to key management personnel in the form of share based payments. Such payments are at the complete discretion of the Board following recommendations from the Nomination Remuneration Committee.

The compensation of each member of the key management personnel of the consolidated entity is set out below:

Key management personnel remuneration

	Short term				Post-employment		Equity	Total
	Salary & fees	Bonus (ii)	Non-monetary	Other benefits	Super annua-tion	Other	Options	
2006	\$	\$	\$	\$	\$	\$	\$	\$
Seet Lip Chai (i)	35,001	-	-	-	-	-	8,138	43,139
Sze Wee Tan (i)	200,013	-	-	19,513	6,024	-	36,623	262,173
Richard Casey (i)	180,733	-	-	-	-	-	8,138	188,871
Tan Swan Jeng (i)	24,457	-	-	-	-	-	8,138	32,595
Nicholas Samaras (i)	13,359	-	-	-	1,202	-	1,880	16,441
Sam Di Giacomo	5,356	-	-	-	482	-	-	5,838
David Free	9,640	-	-	-	869	-	-	10,509
John Warmington (i)	89,264	-	-	-	1,554	-	8,138	98,956
Total	557,823	-	-	19,513	10,131	-	71,055	658,522
R. Schmid (ii)	33,540	-	-	-	-	-	6,585	40,125
B. Lim (ii)	100,006	8,131	-	-	5,732	-	34,600	148,469
D. Capes (ii)	146,160	45,403	-	-	17,680	-	15,570	224,813
K. Mikschofsky	83,350	-	-	15,003	12,386	-	-	110,739
N. Plumeridge (ii)	140,509	14,907	-	-	2,351	-	34,600	192,367
Total	503,565	68,441	-	15,003	38,149	-	91,355	716,513
Total	1,061,388	68,441	-	34,516	48,280	-	162,410	1,375,035

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

4 KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

(a) Key management personnel remuneration

Key management personnel remuneration (continued)

	Short term				Post-employment		Equity	Total
	Salary & fees	Bonus	Non-monetary	Other benefits	Super-annuation	Other	Options	
2005	\$	\$	\$	\$	\$	\$	\$	\$
Seet Lip Chai	35,001	-	-	-	-	-	428	35,429
Sze Wee Tan	217,051	-	-	-	7,319	-	2,140	226,510
Richard Casey	109,229	-	-	-	-	-	428	109,657
Tan Swan Jeng	22,998	-	-	-	-	-	428	23,426
Nicholas Samaras	-	-	-	-	-	-	-	-
Sam Di Giacomo	-	-	-	-	-	-	-	-
David Free	22,998	-	-	-	2,070	-	428	25,496
John Warmington	155,898	-	-	-	8,370	-	428	164,696
Total	563,175	-	-	-	17,759	-	4,280	585,214
R. Schmid	-	-	-	-	-	-	-	-
B. Lim	96,713	-	-	-	6,167	-	-	102,880
D. Capes	130,900	-	-	-	11,343	-	-	142,243
K. Mikschofsky	126,916	-	-	-	16,319	-	-	143,235
L Hegner	82,531	-	-	-	5,703	-	-	88,234
N. Plumeridge	109,308	-	-	-	160	-	-	109,468
Total	546,368	-	-	-	39,692	-	-	586,060
Total	1,109,543	-	-	-	57,451	-	4,280	1,171,274

- (i) Seet Lip Chai, Sze Wee Tan, Tan Swan Jeng, John Warmington and Richard Casey were all granted incentive share options on 30 November 2005. Nicholas Samaras was granted incentive options on 1 May 2006.
- (ii) Roger Schmid was granted executive share options under the employee share option scheme on 1 May 2006. Other employees were granted share options on 4 January 2006
- (iii) Bonuses are granted to executives at the complete discretion of directors with reference to performance against key performance indicators particular to the executive. David Capes was awarded a bonus for the achievement of research and development project deliverables (ie projects initiated and milestones achieved)
Betty Lim and Nick Plumeridge were awarded bonuses to reflect the fact that significant new sales contracts and other business opportunities were negotiated and finalised during the year.

Further details on share options are contained in Note 5 to the financial statements.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

b) Contracts for services of key management personnel

Dr. Tan Sze Wee has a contract for services with Rocheby biomed (Singapore) Pte Ltd. Remuneration received under that contract during the year was SGD277,410 (\$225,550) (2004 – SGD280,536 (\$224,370)). The contract has a term of 1 year commencing 1 January 2006. It provides for a basic monthly salary, a transport allowance and applicable statutory superannuation contribution. The contract may be terminated by either party giving 6 months' notice in writing.

One month's salary for each completed year of service or part thereof since 1 July 2001 is payable to Dr. Tan on termination of the contract by the company.

Richard Casey has a consultancy agreement with Rocheby biomed (Singapore) Pte Ltd to provide advice in the area of identifying and selecting an appropriate marketing partner in the United States for the Company's product, CanDia5. The agreement commenced on 15 November 2004 and was terminated on 31st March 2006. Amounts paid to Mr Casey under the consultancy agreement for the year to the point of its termination were \$156,186 and have been included in directors' remuneration for the year

No termination payments were payable under this contract.

Dr. J Warmington, through United Research Trust of which he is Trustee, has an agreement with Rocheby biomed (Australia) Pty Ltd for the provision of his services relating to research and development. The agreement commenced on 1 February 2005 and was renewed on 1st February 2006 up to the point of his resignation on 31st March 2006. Remuneration received by Dr. Warmington under the agreement during the year was \$54,000.

Following Dr. John Warmington's resignation, the Company retained his services on a consultancy basis for a period of twelve months from 1st April 2006. The agreement may be terminated by either party on one month's notice. Fees under the contract are payable at \$2,625 per month and at the year end approximately \$7,875 is outstanding. These amounts have not been included in directors' remuneration and key management personnel remuneration for the year.

No termination payments were payable under this contract.

Dr. J Warmington, through Genetica Biotechnologies Pty Ltd, a company of which he has a controlling interest, has an agreement with Rocheby biomed (Australia) Pty Ltd for the hire of Genetica's laboratory equipment. An equipment hire charge of \$2,000 per month is payable to Genetica under the agreement up to the point of Dr. Warmington's resignation on 31st March 2006 was \$18,000 (2005: \$24,000), of which \$4,000 was outstanding at the year end. Following Dr. Warmington's resignation, the Company acquired all assets being hired for a sum of \$16,000 reflecting the fair value of those assets at the time of acquisition by the Company. This amount remains unpaid at the year end.

All executive contracts are with either Rocheby biomed (Singapore) Pte Ltd or Rocheby biomed (Australia) Pty Ltd depending where the employee is located and provide for a base salary and applicable statutory superannuation contributions. Notice periods vary as follows:

- Roger Schmid – 3 months
- David Capes – 3 months
- Betty Lim – 1 month

No termination payments are payable under these contracts.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

5. SHARE BASED PAYMENT ARRANGEMENTS

The consolidated entity has an Employee Incentive Option Plan for employees of the Company. In accordance with the provisions of the scheme, as approved by shareholders in general meeting during the year, employees may be entitled to participate in the scheme at the sole discretion of the directors.

Each option issued under the scheme converts into one ordinary share of Rockeby biomed Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option and the options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the directors subject to the total number of outstanding options being issued under the Scheme at any one time not exceeding 5% of the Company's issued share capital.

The exercise price is calculated with reference to a formula contained within the Scheme Rules which was approved by shareholders at a previous general meeting and which rewards employees against the extent of the Company's performance on the capital markets. Where appropriate the directors have established vesting conditions as appropriate to the particular employee being granted options.

The options are for varying periods but expire immediately on the dismissal, resignation or termination of the employee unless the directors resolve otherwise.

Incentive options issued to directors (executive and non-executive) are not issued under the Employee Incentive Option Plan but are subject to approval by shareholders and attach vesting conditions as appropriate.

The following share-based payment arrangements were in existence during the period:

Options series	Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date (cents)
Directors					
Issued 12/07/04 (i)	5,000,000	12/07/04	12/07/09	25.00	0.14
Issued 30/11/05 (ii)	4,500,000	30/11/05	30/11/10	2.00	4.98
Issued 01/05/06 (iii)	500,000	01/05/06	30/11/10	2.00	2.47
EMPLOYEE INCENTIVE OPTION PLAN					
Issued 31/01/06 (iv)	2,910,000	31/01/06	04/01/09	3.88	3.46
Issued 26/04/06 (v)	2,000,000	26/04/06	26/04/09	2.70	2.44

(i) In accordance with the resolutions passed at the Annual General Meeting held on 30/11/05, 4,500,000 of these options were cancelled on 30/11/05 and a separate class issued as described at (ii) below. The remaining 500,000 lapsed on 30/11/05 following the retirement of David Free.

(ii) Following receipt of approval from shareholders at the AGM held on 30/11/05 and in accordance with the terms of the share based arrangement, options issued on 30/11/05 will vest in three tranches on 30/11/06, 30/11/07 and 30/11/08

(iii) Following receipt of approval from shareholders at the EGM held on 19/04/06 and in accordance with the terms of the share based arrangement, options issued on 01/05/06 will also vest in three tranches on 30/11/06, 30/11/07 and 30/11/08

(iv) In accordance with the terms of the share based arrangement, the options issued on 31/01/06 vest immediately.

(iv) In accordance with the terms of the share based arrangement, options issued on 26/04/06 vest as follows:

50% vest on the first anniversary of the grant date with the remainder vesting on the second anniversary of the grant date.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



5. SHARE BASED PAYMENT ARRANGEMENTS (CONT'D)

The fair value of the share options granted during the financial year under share based payments arrangements is \$236,450 (2005: \$41,371). Options were priced using a Black and Scholes model. The expected life used in the model has not been adjusted. Expected volatility is based on the movement of the underlying share price around its average price over the expected term of the option. No allowance has been made for the effects of early exercise.

Inputs into the model	Option series			
	30/11/05	01/05/06	31/01/06	26/04/06
Grant date share price (cents)	5.00	2.60	4.00	2.50
Exercise price (cents)	2.00	2.00	3.88	2.70
Expected volatility	247%	171%	168%	258%
Option life	5 years	4.5 years	3 years	3 years
Dividend yield	-	-	-	-
Risk-free interest rate	5.40%	5.75%	5.75%	5.75%

The following reconciles the outstanding incentive share options granted at the beginning and end of the financial year:

	2006		2005	
	Number of options	Weighted Average Exercise price (Cents)	Number of options	Weighted Average Exercise price (cents)
Balance at beginning of the financial year	5,000,000	25.00	-	-
Granted during the financial year				
• Directors	5,000,000	2.00	5,000,000	25.00
• Employees	2,910,000	3.88	-	-
• Employees	2,000,000	2.70	-	-
Cancelled during the financial year				
• Directors	(4,500,000)	25.00	-	-
Lapsed during the financial year				
• Directors	(500,000)	25.00	-	-
• Employees	(1,000,000)	3.88	-	-
Balance at end of the financial year	8,910,000	2.56	5,000,000	25.00
Exercisable at end of the financial year	1,910,000	3.88	Nil	Nil

Balance at end of the financial year

The share options outstanding and exercisable at the end of the financial year had an exercise price of 3.88 cents and a weighted average remaining contractual life of 2.5 years.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
6. REMUNERATION OF AUDITORS				
Auditor of the parent entity				
Audit or review of the financial report	54,174	61,100	55,593	61,100
Taxation services	24,184	16,595	-	16,595
	78,358	77,695	55,593	77,695
Related practice of the parent entity auditor				
Audit or review of financial report	49,678	54,979	-	-
Total	128,036	132,674	55,593	77,695

The auditor of Rockeby biomed Limited is Deloitte Touche Tohmatsu.

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
7. TRADE AND OTHER RECEIVABLES				
Trade receivables	32,809	-	-	-
Other debtors	377,106	291,659	2,000	-
Goods and services tax (GST) recoverable	17,795	6,805	17,795	6,805
	427,710	298,464	19,795	6,805

Included within other debtors is an amount of \$248,668 (2005: \$218,013) relating to a taxation rebate in respect of research and development expenditure incurred by a controlled entity.

8. INVENTORIES				
Raw materials at cost	42,151	7,120	-	-
Work in progress at cost	3,455	5,801	-	-
Finished goods at cost	149,539	9,682	-	-
	195,145	22,603	-	-
9. NON-CURRENT TRADE AND OTHER RECEIVABLES				
Amount due from controlled entities	-	-	-	5,856,861
Provision for impairment	-	-	-	(5,856,861)
	-	-	-	-

Amounts due from controlled entities were converted into shares at 30 June 2006 following a resolution of the directors. This took place in two stages whereby Rockeby biomed Corporation (RBC) assumed the debts owed to the Company by Rockeby biomed (Australia) Pty Ltd and Rockeby biomed (Singapore) Pte Ltd in exchange for shares in those companies. RBC then issued the Company an appropriate number of shares to extinguish the amounts due at the parent entity level.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
10. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment at cost				
<i>Gross carrying amount</i>				
Balance at 1 July 2005	301,918	271,544	3,045	2,870
Additions	24,159	30,374	-	175
Assets scrapped	(61,052)	-	-	-
Balance at 30 June 2006	265,025	301,918	3,045	3,045
<i>Accumulated depreciation</i>				
Balance at 1 July 2005	218,830	156,952	984	234
Depreciation expense	54,186	61,878	762	750
Depreciation on assets scrapped	(56,701)	-	-	-
Balance at 30 June 2006	216,315	218,830	1,746	984
<i>Net book value at 30 June 2006</i>	48,710	83,088	1,299	2,061
<i>Aggregate depreciation recognised as an expense during period</i>				
Plant and equipment	54,186	61,878	762	750
11. OTHER NON CURRENT FINANCIAL ASSETS				
Shares in controlled entities at cost	-	-	27,810,516	18,991,688
Provision for impairment	-	-	(20,587,590)	(7,863,013)
	-	-	7,222,926	11,128,673
The recoverable amount of shares in controlled entities has been determined. The recoverability of the investment in controlled entities is dependent on the matters set out in Note 12.				
12. OTHER INTANGIBLE ASSETS				
Intellectual property at cost	17,314,422	17,314,422	-	-
Accumulated impairment losses	(3,906,686)	-	-	-
Accumulated amortisation	(2,885,736)	(1,731,441)	-	-
	10,522,000	15,582,981		
Aggregate amortisation recognized as an expense during the year	1,154,295	1,154,294	-	-

The Company commissioned an independent assessment of the carrying value of its intellectual property by Censere Singapore Pte Ltd at the end of June 2005. The valuer concluded that there was no impairment in the carrying value of the intellectual property at that date. The directors have updated the valuation to reflect the timing delays experienced on the roll out of the CanDia5 project and have established an impairment loss of \$3,906,686 which has been charged to the Income Statement. The assessment was based on a discounted cashflow methodology based on the following assumptions:

- the ability of the Company and the consolidated entity to secure further funds through equity issues or debt funding;
- securing a pan – European licensing agreement for CanDia5 with a global pharmaceutical or biotechnology company.;
- the ability to successfully and profitably market its products through existing and new markets.

The Directors believe the Company will be successful in achieving the matters set out above and accordingly are satisfied that the carrying value is recoverable.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
13. TRADE AND OTHER PAYABLES				
Trade payables (i)	949,204	647,872	191,964	269,178
Other	100,770	-	100,770	-
	1,049,974	647,872	292,734	269,178

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates.

14. CURRENT BORROWINGS				
<u>Unsecured</u>				
Other loans (i)	75,975	-	-	-
<u>Secured</u>				
Bank overdraft (ii)	59,737	42,023	-	-
Finance lease liabilities (iii)	-	584	-	-
	59,737	42,607	-	-
Total	135,712	42,607	-	-

(i) The other loans of \$75,975 represent the drawdown portion of a 12 month inventory loan facility for \$84,486. This facility is repayable 150 days after payment of invoice made on behalf of Rockeby by the lender. Interest is charged at 2% above base lending rate in Singapore. The loan is secured by a personal guarantee of Dr. Sze Wee Tan.

(ii) Secured by guarantees given by RBC, the parent of the overseas controlled entity who has the benefit of the facility. Interest is charged at 6.5% per annum.

(iii) Secured by the assets leased

15. CURRENT PROVISIONS				
Employee benefits	112,160	77,479	-	-
No. employees at end of financial year	13	15	-	-

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
16. ISSUED CAPITAL				
348,332,467 fully paid ordinary shares (2005: 178,625,000)	28,339,791	25,501,050	28,339,791	25,501,050
Capital raising costs	(993,415)	(854,208)	(993,415)	(854,208)
	27,346,376	24,646,842	27,346,376	24,646,842

	2006		2005	
	No. ('000)	\$	No. ('000)	\$
Fully paid ordinary shares				
Balance at beginning of financial year	178,625	24,646,842	118,625	21,943,722
60,000,000 shares issued at 5 cents each pursuant to a prospectus dated 21/10/04	-	-	60,000	3,000,000
123,374,133 shares issued at 1 cent each pursuant to a prospectus dated 30/06/05	123,374	1,233,741	-	-
45,000,000 shares issued at 3.5 cents each following a placement on 01/12/2005	45,000	1,575,000	-	-
1,333,334 shares issued at 2.25 cents each in lieu of payment for professional fees	1,333	30,000	-	-
Share issue costs	-	(139,207)	-	(296,880)
Balance at end of financial year	348,332	27,346,376	178,625	24,646,842

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
17. RESERVES				
Option premium reserve	1,625,160	991,688	1,625,160	991,688
Employee equity settled benefits reserve	237,822	41,371	237,822	41,371
Foreign currency translation reserve	(175,010)	88,039	-	-
	1,687,972	1,121,098	1,862,982	1,033,059
Option premium reserve				
Balance at beginning of financial year	991,688	991,688	991,688	991,688
63,347,171 listed options issued at 1 cent each pursuant to a prospectus dated 30/03/06	633,472	-	633,472	-
Balance at end of financial year	1,625,160	991,688	1,625,160	991,688

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
17. RESERVES (CONT)				
Employee equity settled benefits reserve				
Balance at beginning of financial year	41,371	-	41,371	-
Directors' incentive options exp 12/07/09	14,053	41,371	14,053	41,371
Directors' incentive options exp 30/11/10	75,127	-	75,127	-
Employee incentive options exp 04/01/09	100,686	-	100,686	-
Employee incentive options exp 26/04/09	6,585	-	6,585	-
Balance at end of financial year	237,822	41,371	237,822	41,371

The employee equity settled benefits reserve arises on the grant of share options to executives (under the Employee Incentive Option Scheme) and directors. Amounts are transferred out of the reserve and into issued capital when the options are exercised. No options were exercised during the year. See note 5 for further details on Share Based Payments.

Foreign currency translation reserve

Balance at beginning of financial year	88,039	-	-	-
Translation of foreign operations	(263,049)	88,039	-	-
Balance at end of financial year	(175,010)	88,039	-	-

Exchange differences relating to the translation from Singaporean dollars, being the functional currency of the consolidated entity's foreign controlled operations in Singapore, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
18. ACCUMULATED LOSSES				
Balance at beginning of financial year	(14,654,306)	(10,260,591)	(14,566,267)	(10,260,591)
Loss attributable to members of the parent entity	(7,399,069)	(4,393,715)	(7,662,118)	(4,305,676)
Balance at end of financial year	(22,053,375)	(14,654,306)	(22,228,385)	(14,566,267)

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



19. LOSS PER SHARE

Basic loss per share:

Diluted loss per share:

Consolidated	
2006	2005
Cents per share	Cents per share
2.56	2.69
2.56	2.69

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2006	2005
	\$	\$
Loss	7,399,069	4,393,715
Weighted average number of ordinary shares for the purposes of basic loss per share	268,648,288	163,337,329

Diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of diluted loss per share are as follows:

	2006	2005
	\$	\$
Loss	7,399,069	4,393,715
Weighted average number of ordinary shares for the purposes of diluted loss per share (a)	289,294,504	163,337,329

(a) The weighted average number of ordinary shares for the purposes of diluted loss per share reconciles to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

	CONSOLIDATED	
	2006	2005
	NO.	NO.
Weighted average number of ordinary shares used in the calculation of basic loss per share	288,648,288	163,337,329
Shares deemed to be issued for no consideration in respect of:		
Employee options	646,216	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	289,294,504	163,337,329

(b) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share:

	2006	2005
	NO.	NO.
Incentive options issued to directors, exercisable on or before 12 July 2009	-	5,000,000
Unlisted options exercisable at 20 cents on or before 10 November 2008	30,406,250	30,406,250
Unlisted options exercisable at 45 cents on or before 21 April 2006		2,000,000
Options issued pursuant to employee Incentive Option Scheme	3,910,000	-
Listed options issued pursuant to Prospectus dated 30 March 2006	63,347,171	-
	97,663,421	37,406,250

Following the year end, the Company completed a private placement of 32,000,000 ordinary shares to sophisticated investors. These shares have not been included in the calculation of the weighted average number of ordinary shares for either basic or diluted loss per share.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

20. EXPENDITURE COMMITMENTS

Operating leases

Leasing arrangements

Leasing arrangements comprise agreements for the rental of office space in Singapore, research and storage facilities in Australia and sundry office equipment.

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Non-cancellable operating lease payments				
Not longer than 1 year	60,200	49,958	-	-
Longer than 1 year and not longer than 5 years	23,233	6,898	-	-
Longer than 5 years	-	-	-	-
	83,433	56,856	-	-

There were no capital expenditure nor hire purchase commitments at the year end.

21. CONTINGENCIES

There were no contingent liabilities nor contingent assets at the year end.

22. SUBSIDIARIES

Parent entity:

Rockeby biomed Ltd

Controlled entities:

Rockeby biomed Corporation ('RBC')

Rockeby biomed (Australia) Pty Ltd ('RBA') (i)

Rockeby biomed (Singapore) Pte Ltd ('RBS') (i)

Country of Incorporation	Ownership Interest	
	2006 %	2005 %
Australia		
Singapore	100%	100%
Australia	100%	100%
Singapore	100%	100%

(i) The 100% interest in RBA and RBS is held via RBC.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



23. SEGMENT INFORMATION

The group has three geographic segments, being Australia, Asia Pacific, and Europe, Middle East and Africa ('EMEA') and one business segment being the research and development and marketing of diagnostic products for infectious diseases

Segment revenues

	External sales		Inter-segment (i)		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Australia	49,917	95,263	24,409	19,224	74,326	114,487
Asia Pacific	89,409	4,475	-	-	89,409	4,475
EMEA	141,055	40,405	-	-	141,055	40,405
Total of all segments					304,790	159,367
Eliminations					(24,409)	(19,224)
Consolidated					280,381	140,143

(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods

Segment result

	2006 \$	2005 \$
Australia	(1,444,690)	(2,229,317)
Asia Pacific	(1,877,612)	(1,797,548)
EMEA	505	-
	(3,321,797)	(4,026,865)
Unallocated	(5,841,526)	(1,140,752)
Loss before income tax benefit	(9,163,323)	(5,167,617)
Income tax benefit	1,764,254	773,902
Loss for the period	(7,399,069)	(4,393,715)

Segment assets and liabilities

	Assets		Liabilities	
	2006 \$	2005 \$	2006 \$	2005 \$
Australia	405,578	740,311	563,520	529,564
Asia Pacific	348,849	89,290	716,531	238,394
EMEA	-	-	-	-
Total of all segments	754,427	829,601	1,280,051	767,958
Unallocated	10,539,796	15,582,981	3,033,199	4,530,990
Consolidated	11,294,223	16,412,582	4,313,250	5,298,948

Other segment information

	Australia		Asia Pacific		EMEA		Unallocated	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2006 \$	2006 \$	2005 \$
Acquisition of segment assets	24,159	17,731	-	13,003	-	-	-	-
Impairment losses	-	-	-	-	-	-	3,906,686	-
Depreciation and amortisation of segment assets	48,266	55,727	5,920	6,151	-	-	1,154,295	1,154,294

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

24. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

(b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 4 to the financial statements.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Rocheby biomed Ltd

2006	Balance @ 1/7/05 No.	Net other change No.	Balance on resignation No.	Balance @ 30/6/06 No.
Seet Lip Chai	2,050,101	2,000,000	-	4,050,101
Sze Wee Tan	5,771,440	28,828,560	-	34,600,000
Richard Casey	1,250,000	1,250,000	-	2,500,000
David Free	185,000	185,000	370,000	N/A
John Warmington	3,669,926	-	3,669,926	N/A
Total	12,926,467	32,263,560	4,039,926	41,150,101
B. Lim	150,000	-	-	150,000
K. Mikschofsky	125,000	-	125,000	N/A
Total	275,000	-	125,000	150,000
2005	Balance @ 1/7/04 No.	Net other change No.	Balance on resignation No.	Balance @ 30/6/05 No.
Seet Lip Chai	1,350,101	700,000	-	2,050,101
Sze Wee Tan	5,571,440	200,000	-	5,771,440
Richard Casey	1,250,000	-	-	1,250,000
David Free	-	185,000	-	185,000
John Warmington	7,339,850	(3,669,924)	-	3,669,926
Total	15,511,391	(2,584,924)	-	12,926,467
B. Lim	150,000	-	-	150,000
K. Mikschofsky	125,000	-	-	125,000
Total	275,000	-	-	275,000

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



24. RELATED PARTY DISCLOSURES (CONT'D)

Executive share options of Rocheby biomed Ltd

	Bal @ 1/7/05	Granted as remuneration	Net other change	Balance on resignation	Bal @ 30/06/06	Bal vested @ 30/06/06	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Seet Lip Chai	862,840	500,000	(500,000)	-	862,840	362,840	-	362,840	-
Sze Wee Tan	4,319,824	2,500,000	(2,500,000)	-	4,319,824	1,819,824	-	1,819,824	-
Richard Casey	835,937	500,000	(500,000)	-	835,937	335,937	-	335,937	-
Tan Swan Jeng	500,000	500,000	(500,000)	-	500,000	-	-	-	-
Nicholas Samaras	-	500,000	-	-	500,000	-	-	-	-
Sam Di Giacomo	-	-	-	-	-	-	-	-	-
David Free	500,000	-	-	500,000	N/A	N/A	N/A	N/A	-
John Warmington	1,486,292	500,000	(500,000)	1,486,292	N/A	N/A	N/A	N/A	-
Total	8,504,893	5,000,000	(4,500,000)	1,986,292	7,018,601	2,518,601	-	2,518,601	-
R. Schmid	-	2,000,000	-	-	2,000,000	-	-	-	-
B. Lim	40,313	1,000,000	-	-	1,040,313	-	-	-	-
D. Capes	-	450,000	-	-	450,000	-	-	-	-
N. Plumeridge	-	1,000,000	-	1,000,000	N/A	N/A	N/A	N/A	1,000,000
K. Mikschofsky	33,594	-	-	33,594	N/A	N/A	N/A	N/A	-
Total	73,907	4,450,000	-	1,033,594	3,490,313	-	-	-	1,000,000

During the financial year, no options were exercised by key management personnel for ordinary shares in Rocheby biomed Ltd.

Further details of the share options granted during the financial year are contained in notes 4 and 5 to the financial statements.

2005	Bal @ 1/7/04	Granted as remuneration	Net other change	Balance on resignation	Bal @ 30/06/05	Bal vested @ 30/06/05	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Seet Lip Chai	362,840	500,000	-	-	862,840	362,840	-	362,840	-
Sze Wee Tan	1,819,824	2,500,000	-	-	4,319,824	1,819,824	-	1,819,824	-
Richard Casey	335,937	500,000	-	-	835,937	335,937	-	335,937	-
Tan Swan Jeng	-	500,000	-	-	500,000	-	-	-	-
Nicholas Samaras	-	-	-	-	-	-	-	-	-
Sam Di Giacomo	-	-	-	-	-	-	-	-	-
David Free	-	500,000	-	-	500,000	-	-	-	-
John Warmington	1,972,584	500,000	(986,292)	-	1,486,292	1,972,584	-	1,972,584	-
Total	4,491,185	5,000,000	(986,292)	-	8,504,893	4,491,185	-	4,491,185	-
B. Lim	40,313	-	-	-	40,313	40,313	-	40,313	-
D. Capes	-	-	-	-	-	-	-	-	-
N. Plumeridge	-	-	-	-	-	-	-	-	-
K. Mikschofsky	33,594	-	-	-	33,594	33,594	-	33,594	-
Total	73,907	-	-	-	73,907	73,907	-	73,907	-

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



26. NOTES TO THE CASH FLOW STATEMENT (CONTD)

(b) Non-cash financing and investing activities

At 30 June 2006, all intercompany loans were capitalised at the appropriate level within the group. This resulted in an additional investment of \$8,778,998 being recorded within the parent entity.

On 20 June 2006, 1,333,334 shares were issued to Ord Group Pty Ltd in lieu of payment for the provision of professional consultancy services to the parent entity.

(c) Financing facilities

An overseas controlled entity has the following finance facilities which are secured by guarantees provided by its parent entity, RBC:

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Unsecured bank overdraft facility, reviewed annually and payable at call:				
• amount used	59,737	42,023	-	-
• amount unused	24,749	35,897	-	-
	84,486	77,920	-	-
Inventory loan facilities with various maturity dates through to 30 th November 2006 and which may be extended by mutual agreement:				
• amount used	75,975	-	-	-
• amount unused	8,511	-	-	-
	84,486	-	-	-

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

26. NOTES TO THE CASH FLOW STATEMENT (CONTD)

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
(d) Reconciliation of loss for the period to net cash flows from operating activities				
Loss for the period	(7,399,069)	(4,393,715)	(7,662,118)	(4,305,676)
Depreciation and amortisation of non-current assets	1,208,481	1,216,172	762	750
Foreign exchange (gain)/loss	-	-	-	-
Equity settled share-based payment	196,451	41,371	196,451	41,371
Impairment/ (reversal of impairment) of non-current assets	3,906,686	-	6,827,884	3,770,458
	-	-	-	-
Changes in net assets and liabilities	-	-	-	-
	-	-	-	-
<i>(Increase)/decrease in assets:</i>	-	-	-	-
Current receivables	119,422	(248,335)	(12,990)	1,064
Current inventories	(172,325)	48,242	-	-
Current tax assets	(248,667)	-	-	-
	-	-	-	-
<i>Increase/ (decrease) in liabilities</i>	-	-	-	-
Current payables	169,050	(163,917)	53,557	155,617
Current provisions	34,682	(56,388)	-	-
Deferred tax provision	(1,515,586)	(351,611)	-	-
Net cash from operating activities	(3,700,875)	(3,908,181)	(596,454)	(336,416)

27. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and credit risk. The Board of Directors takes responsibility for managing the financial risks relating to the operations of the consolidated entity.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At present, all revenue and inventory transactions are denominated in US dollars and as such the directors do not consider a formal hedging strategy to be required until such point as the commercialization of its products reaches a significant level. The directors will continue to monitor and take advice on the exposure of the consolidated entity until such point as a formal strategy is deemed to be required.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



27. FINANCIAL INSTRUMENTS (CONT'D)

(d) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Maturity profile of financial instruments

The following tables detail the consolidated entity's exposure to interest rate risk as at 30 June 2006 and 30 June 2005

	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
2006	%	\$	\$	\$	\$	\$	
Financial assets:							
Cash and cash equivalents	5.30%	100,658	-	-	-	-	100,658
Trade and other receivables	-	-	-	-	-	427,710	427,710
		100,658	-	-	-	427,710	528,368
Financial liabilities:							
Trade payables	-	-	-	-	-	1,049,974	1,049,974
Bank overdraft	6.00%	59,737	-	-	-	-	59,737
Inventory loan	8.00%	75,975	-	-	-	-	75,975
Employee benefits	-	-	-	-	-	112,160	112,160
		135,712	-	-	-	1,162,134	1,297,846

	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
2005	%	\$	\$	\$	\$	\$	
Financial assets:							
Cash and cash equivalents	5.30%	425,446	-	-	-	-	425,446
Trade and other receivables	-	-	-	-	-	298,464	298,464
		425,446	-	-	-	298,464	723,910
Financial liabilities:							
Trade payables	-	-	-	-	-	647,872	647,872
Bank overdraft	6.00%	42,023	-	-	-	-	42,023
Finance lease	7.50%	-	584	-	-	-	584
Employee benefits	-	-	-	-	-	77,479	77,479
		42,023	584	-	-	725,351	767,958

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

27. FINANCIAL INSTRUMENTS (CONT'D)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity's exposure to, and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(e) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2005: net fair value).

The fair values and net fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(f) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the company and consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



28. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effect of A-IFRS on the balance sheet as at 1 July 2004

	Note	Consolidated			Company		
		Super-seded policies* \$	Effect of transition to A-IFRS \$	A-IFRS \$	Super-seded policies* \$	Effect of transition to A-IFRS \$	A-IFRS \$
Current assets							
Cash & cash equivalents		1,710,682	-	1,710,682	1,622,899	-	1,622,869
Trade & other receivables		50,129	-	50,129	7,869	-	7,869
Inventories		70,845	-	70,845	-	-	-
Total current assets		1,831,656	-	1,831,656	1,630,768	-	1,630,768
Non-current assets							
Property, plant and equipment		114,592	-	114,592	2,636	-	2,636
Other financial assets	b				16,019,876	(4,864,900)	11,154,976
Intangible assets		16,737,275	-	16,737,275	-	-	-
Total non-current assets		16,851,867	-	16,851,867	16,022,512	(4,864,900)	11,157,612
Total assets		18,683,523	-	18,683,523	17,653,280	(4,864,900)	12,788,380
Current liabilities							
Trade & other payables		899,828	-	899,828	113,561	-	113,561
Borrowings		84,170	-	84,170	-	-	-
Other financial liabilities		7,604	-	7,604	-	-	-
Provisions		133,867	-	133,867	-	-	-
Total current liabilities		1,125,469	-	1,125,469	113,561	-	113,561
Non-current liabilities							
Borrowings		634	-	634	-	-	-
Deferred tax liabilities	d	-	4,882,601	4,882,601	-	-	-
Total non-current liabilities		634	4,882,601	4,883,235	-	-	-
Total liabilities		1,126,103	4,882,601	6,008,704	113,561	-	113,561
Net assets		17,557,420	(4,882,601)	12,674,819	17,539,719	(4,864,900)	12,674,819
Equity							
Share capital		21,943,722	-	21,943,722	21,943,722	-	21,943,722
Foreign currency translation reserve	a	(53,922)	53,922	-	-	-	-
Employee equity-settled benefits reserve		-	-	-	-	-	-
Other reserves		991,688	-	991,688	991,688	-	991,688
Retained earnings	e	(5,324,068)	(4,936,523)	(10,260,591)	(5,395,691)	(4,864,900)	(10,260,591)
Total equity		17,557,420	(4,882,601)	12,674,819	17,539,719	(4,864,900)	12,674,819

* Reported financial position for the financial year ended 30 June 2004.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

28. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

Effect of A-IFRS on the income statement for the financial year ended 30 June 2005

	Note	Consolidated			Company		
		Super-seded policies* \$	Effect of transition to A-IFRS \$	A-IFRS \$	Super-seded policies* \$	Effect of transition to A-IFRS \$	A-IFRS \$
Revenue		140,143	-	140,143	-	-	-
Cost of sales		(12,606)	-	(12,606)	-	-	-
Other income		82,263	-	82,263	61,396	-	61,396
Sales and marketing expense		(1,062,610)	-	(1,062,610)	-	-	-
Regulatory affairs expense		(458,620)	-	(458,620)	-	-	-
Research and development costs		(913,650)	-	(913,650)	-	-	-
Finance cost		(19,804)	-	(19,804)	-	-	-
Administration costs	c	(1,109,420)	(41,371)	(1,150,791)	(116,709)	(41,371)	(158,080)
Depreciation and amortisation		(1,216,172)	-	(1,216,172)	(750)	-	(750)
Impairment of non current assets		-	-	-	(4,104,368)	333,910	(3,770,458)
Other expenses		(555,770)	-	(555,770)	(437,784)	-	(437,784)
Loss before income benefit expense		(5,126,246)	(41,371)	(5,167,617)	(4,598,215)	292,539	(4,305,676)
Income tax benefit	d	422,291	351,611	773,902	-	-	-
Loss attributable to members of the parent entity		(4,703,955)	310,240	(4,393,715)	(4,598,215)	292,539	(4,305,676)

* Reported financial results for the year ended 30 June 2005.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



28. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

Effect of A-IFRS on the balance sheet as at 30 June 2005

	Note	Consolidated			Company		
		Super-seded policies*	Effect of transition to A-IFRS	A-IFRS	Super-seded policies*	Effect of transition to A-IFRS	A-IFRS
		\$	\$	\$	\$	\$	\$
Current assets							
Cash & cash equivalents		425,446	-	425,446	245,273	-	245,273
Trade & other receivables		298,464	-	298,464	6,805	-	6,805
Inventories		22,603	-	22,603	-	-	-
Total current assets		746,513	-	746,513	252,078	-	252,078
Non-current assets							
Property, plant and equipment		83,088	-	83,088	2,061	-	2,061
Other financial assets	b	-	-	-	15,659,663	(4,530,990)	11,128,673
Intangible assets		15,582,981	-	15,582,981	-	-	-
Total non-current assets		15,666,069	-	15,666,069	15,661,724	(4,530,990)	11,130,734
Total assets		16,412,582	-	16,412,582	15,913,802	(4,530,990)	11,382,812
Current liabilities							
Trade & other payables		647,872	-	647,872	269,178	-	269,178
Borrowings		42,023	-	42,023	-	-	-
Other financial liabilities		584	-	584	-	-	-
Provisions		77,479	-	77,479	-	-	-
Total current liabilities		767,958	-	767,958	269,178	-	269,178
Non-current liabilities							
Deferred tax liabilities	d	-	4,530,990	4,530,990	-	-	-
Total non-current liabilities		-	4,530,990	4,530,990	-	-	-
Total liabilities		767,958	4,530,990	5,298,948	269,178	-	269,178
Net assets		15,644,624	(4,530,990)	11,113,634	15,644,624	(4,530,990)	11,113,634
Equity							
Share capital		24,646,842	-	24,646,842	24,646,842	-	24,646,842
Foreign currency translation reserve	a	34,117	53,922	88,039	-	-	-
Employee equity-settled benefits reserve		-	41,371	41,371	-	41,371	41,371
Other reserves		991,688	-	991,688	991,688	-	991,688
Retained earnings	e	(10,028,023)	(4,626,283)	(14,654,306)	(9,993,906)	(4,572,361)	(14,566,267)
Total equity		15,644,624	(4,530,990)	11,113,634	15,644,624	(4,530,990)	11,113,634

* Reported financial position for the financial year ended 30 June 2005.

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

28. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

(a) Cumulative exchange differences

At the date of transition, the consolidated entity elected to reset the foreign currency translation reserve to zero. An amount of \$53,922 was reclassified from the foreign currency translation reserve to retained earnings. These translation differences will be excluded from the calculation of any gain or loss on a subsequent disposal of the foreign operation.

For the year ended 30th June 2005, as the group's foreign operations had always been translated through the foreign currency translation reserve, the adjustment required under A-IFRS is the \$53,922 opening adjustment.

(b) Impairment of assets

The Group has reviewed all assets for impairment on transition and at 30 June 2005 in accordance with AASB 136 and has determined that a further impairment adjustment within the parent entity on transition was required

On transition, an additional impairment charge of \$4,864,900 was booked to retained earnings within the parent company and for the year ended 30th June 2005, \$333,910 was reversed against the loss for the year. There was no effect on the consolidated entity.

(c) Share based payments

For the financial year ended 30 June 2005, share-based payments of \$41,371 which were not recognised under the superseded policies were recognised under A-IFRS, with a corresponding increase in the employee equity-settled benefits reserve.

These adjustments had no material tax or deferred tax consequences.

(d) Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

The effect of the above adjustments on the deferred tax balances are as follows:

	Consolidated		Company	
	1 st July 2004	30 June 2005	1 st July 2004	30 June 2005
	\$	\$	\$	\$
Deferred tax not recognised under previous GAAP	4,882,601	4,530,990	-	-
Net increase/(decrease) in deferred tax balances	4,882,601	(351,611)	-	-

The effect on consolidated profit for the financial year ended 30 June 2005 was to increase previously reported income tax expense by \$351,611 (company: nil).

Notes to the Financial Statements (Continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006



28. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

(e) Retained earnings

The effect of the above adjustments on retained earnings is as follows:

	Note	Consolidated		Company	
		1 st July 2004 \$	30 June 2005 \$	1 st July 2004 \$	30 June 2005 \$
Transfer from foreign currency translation reserve	a	(53,922)	(53,922)	-	-
Expensing share-based payments	c	-	(41,371)	-	(41,371)
Adjustments deferred tax balances	d	(4,882,601)	(4,530,990)	-	-
Additional impairment of investments in controlled entities	b	-	-	(4,864,900)	(4,530,990)
Total adjustment to retained earnings		(4,936,523)	(4,626,283)	(4,864,900)	(4,572,361)

29. ADDITIONAL COMPANY INFORMATION

Rockeby biomed Limited is a listed public company, incorporated in Australia.

Registered office

c/o Ord Group Pty Ltd
Level 2
47 Colin Street
West Perth
6005

Principal place of business

350 Orchard Road
#21-01/03 Shaw House
Singapore 238868

Additional ASX Information

ADDITIONAL ASX INFORMATION AS AT 16 OCTOBER 2006

Distribution of Shareholders:

	Number of shareholders
1 – 1,000	18
1,001 – 5,000	27
5,001 – 10,000	47
10,001 – 100,000	748
100,001 and over	352
Total	1,192

Total number of fully paid ordinary shares	398,332,467
Percentage holding of 20 largest holders	55.180%
Number of holders with less than a marketable parcel	257

Substantial Shareholders

The following shareholders have a substantial shareholding in the Company:

Shareholder	Number of fully paid ordinary shares	% of fully paid ordinary shares
ANZ Nominees Limited (Cash Income A/c)	42,654,737	10.708
Bell Potter Nominees Ltd (BB Nominees A/c)	22,500,000	5.649

Dr Sze-Wee TAN has an indirect holding of 38,252,249 Ordinary Shares through ANZ Nominees Limited.

Voting Rights

Only the shares carry voting rights, which upon a poll are one vote for each share held.

Quoted Options

63,347,171 options exercisable at 5 cents each on or before 31 May 2009 are held by 285 individual optionholders

Distribution of Option holders:

	Number of optionholders
1 – 1,000	0
1,001 – 5,000	15
5,001 – 10,000	43
10,001 – 100,000	156
100,001 and over	71
Total	285

Percentage holding of 20 largest option holders	68.446%
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Additional ASX Information (Continued)



Unquoted Options

- a) 30,406,250 options exercisable at 20 cents each on or before 10 November 2008 are held by 352 individual optionholders.
- b) 4,500,000 Directors options exercisable at 2 cents each on or before 30 November 2010.
- c) 1,760,000 Employee options exercisable at 3.88 cents per share on or before 4 January 2009.
- d) 2,000,000 Employee options exercisable at 2.7 cents on or before 26 April 2009

Options do not carry a right to vote.

Twenty Largest Holders of Fully Paid Ordinary Shares

	Shareholder	No. of shares	%
1	ANZ Nominees Limited (Cash Income A/c)	42,654,737	10.708
2	Bell Potter Nominees Ltd (BB Nominees A/c)	22,500,000	5.649
3	Swale Heating Limited	16,000,000	4.017
4	Wang Cheow Tan	15,000,000	3.766
5	UOB Kay Hian Private Limited (Client A/c)	14,788,405	3.713
6	Lim Chye Huat @ Bobby Lim Chye Huat	13,000,000	3.264
7	Ghuat Woon Tan	12,600,000	3.163
8	Dr Mahomed Hanif Allimahomed	11,413,707	2.865
9	Kwee San Chew	10,200,000	2.561
10	Chuan Ooi Goh	10,160,000	2.551
11	Philip George Hamlyn	7,500,000	1.883
12	Chin Teck Goh	6,000,000	1.506
13	Comsec Nominees Pty Limited	5,995,301	1.505
14	HSBC Custody Nominees (Australia) Limited	5,582,744	1.402
15	Cecilia Tan	5,000,000	1.255
16	Syn Pau Lew	5,000,000	1.255
17	Netshare Nominees Pty Ltd	4,704,838	1.181
18	Dr Lip Chai Seet	4,050,101	1.017
19	DBS Vickers Securities (Singapore) Pte Ltd	3,981,835	1.000
20	Anne-Bernadette D'Arcy-Warmington	3,669,924	0.921
		219,801,592	55.180

Additional ASX Information (Continued)

Twenty Largest Option Holders

	Optionholder	No. of Options	%
1	Dr Mahomed Hanif Allimahomed	8,607,000	13.587
2	UOB Kay Hian Private Limited (Clients A/c)	6,800,000	10.734
3	Boon Kheng Chan	4,000,000	6.314
4	Philip George Hamlyn	3,750,000	5.920
5	Pata Nominees Pty Ltd	3,000,000	4.736
6.	DMG & Partners Securities Pte Ltd (Clients A/c)	2,000,000	3.157
7	Lim Chye Huat	2,000,000	3.157
8	Merrill Lynch (Australia) Nominees Pty Limited	1,250,000	1.973
9	Douglas Charles Perry	1,250,000	1.973
10	Chee Chin	1,149,637	1.815
11	Sandra Zelinda Alexs @ Damian John Ramsden	1,111,000	1.754
12	Kwee San Chew C/- JBWERE	1,105,000	1.744
13	ANZ Nominees Limited (Cash Income A/c)	1,039,750	1.641
14	CCK Pty Limited (CCK Super Fund A/c)	1,007,850	1.591
15	Goffacan Pty Ltd	1,000,000	1.579
16	Peter Neil Ferrier (Ferrier S/Fund A/c)	1,000,000	1.579
17	Doug Perry (Insurance) Nominees Pty Ltd	1,000,000	1.579
18	Vincenzo Brizzi & Rita Lucia Brizzi (Brizzi Family S/F A/c)	825,000	1.302
19	Aldanmark Pty Ltd	750,000	1.184
20	Melody Haskins	713,186	1.126
		43,358,423	68.446





Rockeby biomed