APPENDIX 4D

HALF-YEAR REPORT
PERIOD ENDED 31 DECEMBER 2008

Results for announcement to the market

The following information should be read in conjunction with the attached Financial Report for the half year ended 31 December 2008.

Ref	Half year ended 31 December	2008 $A'000	2007 $A'000	%
2.1	Revenue from ordinary activities of continuing operations	49,322	56,524	Down 12.7%
2.2	(Loss) / profit from continuing operations after tax	(429)	1,051	-
	(Loss) / gain from discontinued operations after income tax	(19,503)	982	-
	(Loss) / gain from ordinary activities after tax attributable to members	(19,932)	2,033	-
2.3	Net (loss) / profit for the period attributable to members	(19,932)	2,033	-

2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Interim dividend	Nil	Nil
	Final dividend	Nil	Nil
2.5	Record date for determining entitlements to the dividend	N/A	

2.6 **Explanation of results**

An explanation of the financial results is included in the Results and Review of Operations section of the Financial Report for the half year ended 31 December 2008 (attached).

For information on net tangible asset backing refer to Note 5 of the Financial Report (attached).

Iain Keddie
Chief Executive Officer

Date: 12 February 2009

Espreon Limited

Financial Report

For the half-year ended 31 December 2008

Contents

Directors' Report

for the half-year ended 31 December 2008

Your Directors present their report on the Company and its controlled entities for the half-year ended 31 December 2008.

Directors

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

Mr Phillip Anderson (Chairman)
Mr Craig Kennedy (Managing Director) (Resigned 25 November 2008)
Mr Ian Payne
Ms Judi Stack
Mr Roger Amos

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

Results and Review of Operations

Overview

During the half year ended 31 December 2008, a number of events have had a significant impact on the strategic direction and corporate operations of the Group; namely:

- the Board determined that the strategic focus of the Group would be its Property Services business;
- the sale of the Corporate Services and Billback Systems businesses to Reckon Limited announced on 27 November 2008 and completed on 2 January 2009;
- the restructure of the Corporate Head Office commenced in November 2008;
- the proposed acquisition of the Company by Vectis Group Pty Limited ("Vectis") by way of a scheme of arrangement which was terminated by Vectis on 6 November 2008; and
- the off market takeover offer by Vectis announced on 28 November 2008.

Since the end of the period, SAI Global Limited ("SAI") has also made an off market takeover offer for the Company, announced on 13 January 2009, and the Company has retired a substantial portion of its borrowings from the proceeds of the sale of the Corporate Services and Billback Systems businesses.

In addition to these strategic influences and corporate actions, the market environment for the continuing Property Services business has been challenging during the period. The overall market for property related services has declined as a result of weaker economic conditions that have reduced the value of property exchanged across Australia in the half year compared with the previous comparative period. However, the reductions in revenues and margin in Espreon's Property Services business have been tempered by some increases in market share of settlement services provided by Espreon.

The financial results for the half year ended 31 December 2008 and their presentation in this report have been affected by many of the events noted above.

The consolidated profit before tax from the continuing operations of the Group for the half year comprises the financial results from four key components, namely the core Property Services business, Corporate Head Office, costs associated with the Vectis proposals and finance costs associated with the Company's debt facilities. These components of the financial results are set out below.

Half Year to 31 December **Profit before tax from Continuing Operations**	**2008 $m**	**2007 $m**	**+/- %**
Property Services	3.3	4.4	-25%
Corporate Head Office	(0.8)	(1.3)	
Profit before tax from operating activities	**2.5**	**3.1**	**-19%**
Costs associated with takeover offers	(1.2)	-	
Fair value (loss) / gain on derivative instruments	(0.6)	0.2	
Finance costs	(1.3)	(1.6)	
(Loss)/profit from continuing operations before tax	**(0.6)**	**1.7**	

The consolidated net loss from continuing operations after tax was $0.4 million (2007: profit of $1.1 million).

In addition, the consolidated result for the period includes the discontinued operations of Corporate Services and Billback Systems. The net assets of these businesses at 31 December 2008 were written down to the value of the sale proceeds to be received on 2 January 2009. This was the main reason for the net loss after tax from these discontinued operations in the period being $19.5 million.

Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") is the Group's primary measure of operating performance. Since early 2008, however, the Group has increased its interest income from cash that flows through the Property Services operations such that EBITDA and interest income is also considered a key measure of the financial performance of the Group's operational activities.

The table below sets out the sales revenue and EBITDA performance of the Continuing Operations of the Group.

Half Year to 31 December	**2008 $m**	**2007 $m**	**+/- %**
Sales Revenue – Property Services	**49.3**	**56.5**	**-13%**
EBITDA			
Property Services	3.9	5.2	-25%
Corporate Head Office costs	(0.9)	(1.4)	
EBITDA – Continuing Operations	**3.0**	**3.8**	**-21%**
Interest income	0.4	0.2	
EBITDA and Interest Income	**3.4**	**4.0**	**-15%**

EBITDA and interest income declined 15% compared with the same period in 2007, which the Board considers to be satisfactory given the challenging market conditions faced by the business during the period.

Property Services

Espreon's Property Services business is a supplier to almost all of Australia's top banks and the majority of Australia's top 200 law firms for property settlement, stamping and registration, information brokerage and property enquiries. Information brokerage services include land title searches, company and business searches and bankruptcy searches.

Based on available market data, Espreon believes it is the largest broker of property related information and is the largest property settlement agent in the Australian market at present.

The market for property in Australia, and many other markets, has been impacted recently by the turmoil and volatility of global and domestic financial markets. Notably, the Australian Bureau of Statistics reported that the total number of loans to owner occupiers for the 6 months ended December 2008 was 23% below the level of the same period a year earlier. Such housing finance figures are one of the key indicators of the market demand for the services of Espreon's Property Services business, which has inevitably suffered as a result of reduced market activity, although revenues have not declined as much as the overall market.

The performance for the Property Services business for the half year ended 31 December 2008 is summarised below:

Half Year to 31 December **Property Services business**	**2008 $m**	**2007 $m**	**+/- %**
Sales Revenue	**49.3**	**56.5**	**-13%**
Gross Margin	**13.9**	**15.7**	**-12%**
Contribution	**4.5**	**5.6**	**-20%**
Shared costs	(0.6)	(0.5)	
Net Interest Income	0.3	0.2	
Earnings before taxation, depreciation and amortisation	**4.2**	**5.3**	**-21%**
EBTDA/Revenue %	*8.5%*	*9.4%*	
Depreciation & amortisation	(0.9)	(0.9)	
Profit before tax	**3.3**	**4.4**	**-25%**
PBT/Revenue %	*6.7%*	*7.8%*	

Revenue and gross margin for the half year ended 31 December 2008 were down approximately 13% and 12% respectively compared with the previous corresponding period. Although the overall market for property services contracted in the half year relative to the prior comparative period, a number of clients have increased the proportion of their settlement services outsourced to the Company such that the decline in revenue and margin in Espreon's Property Services business was lower than might be expected based on key market indicators.

The EBITDA and profit before tax results for the Property Services business reflected the largely fixed nature of the operation's cost base. The business reduced its operating costs in the half year compared with the previous corresponding period and, when combined with the revenue performance of the business, the Board considers the profit performance of the business to have been satisfactory given the weak economic conditions generally.

Corporate Head Office

Corporate Head Office costs for the half year ended 31 December 2008 were $0.9 million compared with nearly $1.4 million in the previous corresponding period, reflecting lower employee, consulting and other advisory costs in the period, except costs associated with takeover offers as outlined below.

The Company commenced a restructure of its corporate functions following the strategic decision to focus on its Property Services business and divest other businesses.

In addition to these ongoing activities, the Company incurred $1.2 million of costs associated with the Vectis proposals, primarily the terminated scheme of arrangement and the unsolicited takeover bid by Vectis.

Discontinued operations

On 2 January 2009, the Company completed the sale of the Corporate Services and Billback Systems businesses to Reckon Limited pursuant to a sale agreement dated 27 November 2008. These businesses are classified as Discontinued Operations held for sale in this financial report. The net asset value of these businesses as at 31 December 2008 has been written down to $18 million, being the gross proceeds from the sale, resulting in a write down of goodwill of $20.3 million. The net loss after tax from discontinued operations held for sale in the period was $19.5 million.

Corporate Services gross revenue for the half year was $6.6 million (2007: $7.7 million) which reflects a reduction in the overall market for the business' services. Profit before tax for the Corporate Services business for the half year was $0.8 million (2007: $1.1 million) and EBITDA was $1.0 million (2007: $1.3 million) largely reflecting the decrease in margin from the reduction in market demand partially offset by lower operating costs.

Billback Systems revenue for the half year was $7.3 million (2007: $7.6 million) which reflects a continued growth in underlying recurring revenues offset by lower revenues from new implementations. Profit before tax for the Billback Systems business for the half year was $0.3 million (2007: $0.1 million) and EBITDA was $1.0 million (2007: $0.9 million).

Investments

The continuing operations of the Group invested $0.4 million in capital expenditure during the period (2007: $1.2 million), with the largest component of the investment being in technology platforms.

Total capital expenditure of the Group (including discontinued operations) was $0.6 million for the half year to 31 December 2008 (2007: $1.4 million).

The Group did not undertake any business acquisitions during the period.

Financial position

Group Operating cash flows in the half year period continued to be strong with net cash flow provided by operating activities (continuing and discontinued) of $7.5 million (2007: $3.3 million).

Repayment of borrowings of $0.3 million did not include any repayments of long term debt facilities since an early repayment had been made in June 2008. Overall, net interest bearing liabilities at 31 December 2008 were $27.0 million in aggregate compared with $27.6 million and $32.7 million at 30 June 2008 and 31 December 2007 respectively. On 14 January 2009, the Company repaid $17 million of bank loans, using the proceeds from the sale of Corporate Services and Billback Systems, and terminated its interest rate derivative contracts at a cost of $0.3 million. Consequently, net interest bearing liabilities have been reduced to $10.0 million.

Cash available to the Group at 31 December 2008 amounted to $10.2 million such that net debt (comprising cash, net interest bearing liabilities and associates derivatives) decreased during the period by $3.2 million from $20.3 million to $17.1 million. Currently, the Group is currently operating with a small net cash or net debt position, depending on the timing of working capital receipts and payments.

Directors' Report (continued)

for the half-year ended 31 December 2008

Auditor's independence declaration

The Directors received the following declaration from the auditor of Espreon Limited.

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Espreon Limited

In relation to our review of the financial report of Espreon Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Daniel Cunningham
Partner
Sydney
12 February 2009

Liability limited by a scheme approved under Professional Standards Legislation

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars, where appropriate.

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

Phillip Anderson
Chairman
Sydney, 12 February 2009

Espreon Limited
A.C.N. 090 651 700

Income Statement
for the half-year ended 31 December 2008

		CONSOLIDATED	
Continuing operations	**Notes**	**2008 $'000**	**2007 $'000**
Service fees		15,024	17,162
Authority fees recovered		34,298	39,362
Sales Revenue		**49,322**	**56,524**
Management fees from discontinued operations		443	391
Revenue		**49,765**	**56,915**
Cost of sales		(35,428)	(40,802)
Gross profit		**14,337**	**16,113**
Employee benefits expense	4	(8,155)	(8,800)
Occupancy expense		(883)	(840)
Telecommunications expense		(663)	(654)
Administrative expenses		(685)	(623)
Other expenses		(976)	(1,409)
Earnings before interest, tax, depreciation, amortisation and costs associated with takeover offers		**2,975**	**3,787**
Costs associated with takeover offers		(1,180)	-
Earnings before interest, tax, depreciation and amortisation		**1,795**	**3,787**
Depreciation and amortisation expense	4	(875)	(911)
Earnings before interest and tax expense		**920**	**2,876**
Interest received		425	197
Fair value (loss) / gain on derivative instruments		(650)	196
Finance costs	4	(1,308)	(1,554)
(Loss) / profit from continuing operations before income tax expense		**(613)**	**1,715**
Income tax credit / (expense)		184	(664)
(Loss) / profit from continuing operations after income tax expense		**(429)**	**1,051**
Discontinued operations			
(Loss) / gain from discontinued operations after income tax	8	(19,503)	982
Net (loss) / profit for the period		**(19,932)**	**2,033**
Basic (loss) / earnings per share (cents per share) from continuing operations	5	(0.45)	1.12
Basic (loss) / earnings per share (cents per share)	5	(21.03)	2.17
Diluted (loss) / earnings per share (cents per share) from continuing operations	5	(0.45)	1.08
Diluted (loss) / earnings per share (cents per share)	5	(21.03)	2.09

The accompanying notes form part of these financial statements.

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Balance Sheet

as at 31 December 2008

		CONSOLIDATED	
	Notes	31 December 2008 $'000	30 June 2008 $'000
Current assets			
Cash and cash equivalents	6	14,491	7,946
Trade and other receivables		11,182	17,317
Inventories		-	1,934
Other assets		808	1,714
		26,481	**28,911**
Assets of disposal group classified as held for sale	8	24,747	-
Total current assets		**51,228**	**28,911**
Non-current assets			
Property, plant and equipment		1,186	2,242
Intangible assets - Goodwill		25,427	54,942
Other intangible assets		1,282	8,960
Deferred tax assets		1,370	1,708
Derivative assets		-	327
Other assets		-	12
Total non-current assets		**29,265**	**68,191**
Total assets		**80,493**	**97,102**
Current liabilities			
Trade and other payables		6,981	10,214
Interest-bearing liabilities	7	16,876	2,773
Income tax payable		436	629
Provisions		1,143	1,630
Derivative liabilities		323	-
Other liabilities		5,264	3,989
		31,023	**19,235**
Liabilities directly associated with the assets classified as held for sale	8	6,747	-
Total current liabilities		**37,770**	**19,235**
Non-current liabilities			
Deferred tax liability		266	1,212
Interest-bearing liabilities	7	10,083	24,857
Provisions		556	532
Total non-current liabilities		**10,905**	**26,601**
Total liabilities		**48,675**	**45,836**
Net assets		**31,818**	**51,266**
Equity			
Contributed equity	9	57,268	57,087
Reserves		476	173
Accumulated losses		(25,926)	(5,994)
Total equity		**31,818**	**51,266**

The accompanying notes form part of these financial statements.

Cash Flow Statement

for the half-year ended 31 December 2008

	Notes	CONSOLIDATED 2008 $'000	2007 $'000
Cash flows from operating activities			
Receipts from customers		71,941	82,228
Payments to suppliers and employees		(63,275)	(76,273)
Interest received		460	219
Interest paid		(1,262)	(1,550)
Income tax paid		(892)	(1,278)
Income tax refund		565	-
Net cash flows provided by operating activities		**7,537**	**3,346**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(186)	(784)
Acquisition of intangibles		(461)	(596)
Proceeds from sale of asset		-	162
Proceeds from settlement of acquisition purchase price adjustment		-	1,046
Net cash flows used in investing activities		**(647)**	**(172)**
Cash flows from financing activities			
Cash proceeds from issue of shares		181	802
Payment to employee share plan trust on exercise of share right		-	(605)
Repayment of borrowings		(335)	(2,810)
Payment of exercised options		(181)	-
Net cash flows used in financing activities		**(335)**	**(2,613)**
Net increase in cash and cash equivalents		6,555	561
Cash and cash equivalents at 1 July		7,946	7,333
Net foreign exchange differences		172	(46)
Less: cash classified as held for sale		(182)	-
Cash and Cash Equivalents at 31 December	6	**14,491**	**7,848**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the half-year ended 31 December 2008

CONSOLIDATED	Contributed equity: Issued capital $'000	Contributed equity: Treasury shares $'000	Reserves: Options reserve $'000	Reserves: Foreign currency translation $'000	(Accumulated losses) / Retained earnings $'000	Total $'000
As at 1 July 2008	**57,092**	**(5)**	**414**	**(241)**	**(5,994)**	**51,266**
Currency translation differences	-	-	-	236	-	236
Total income and expense for the period recognised directly in equity	**-**	**-**	**-**	**236**	**-**	**236**
Loss for the Period	-	-	-	-	(19,932)	(19,932)
Total income and expense for the period	**-**	**-**	**-**	**236**	**(19,932)**	**(19,696)**
Payment to employee share plan trust on exercise of share rights	181	-	(181)	-	-	-
Option expense	-	-	248	-	-	248
As at 31 December 2008	**57,273**	**(5)**	**481**	**(5)**	**(25,926)**	**31,818**
As at 1 July 2007	**56,254**	**(322)**	**965**	**38**	**(11,291)**	**45,644**
Currency translation differences	-	-	-	(121)	-	(121)
Total income and expense for the period recognised directly in equity	**-**	**-**	**-**	**(121)**	**-**	**(121)**
Profit for the Period	-	-	-	-	2,033	2,033
Total income and expense for the period	**-**	**-**	**-**	**(121)**	**2,033**	**1,912**
Issue of share capital	802	-	-	-	-	802
Treasury Share utilised on exercise of share rights option	-	316	(316)	-	-	-
Payment to employee share plan trust on exercise of share rights	-	-	(605)	-	-	(605)
Option expense	-	-	203	-	-	203
As at 31 December 2007	**57,056**	**(6)**	**247**	**(83)**	**(9,258)**	**47,956**

The accompanying notes form part of the financial statements

1 Corporate information

The financial report of Espreon Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of Directors on 12 February 2009.

Espreon Limited is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

2 Basis of preparation and accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Espreon Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Accounting Policies

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New/revised standards and interpretations applicable for the years commencing 1 July 2008 have been reviewed and it was determined that changes were not required to the existing accounting policies adopted by Espreon. Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but not yet effective and have not been adopted by the group for the interim reporting period. The directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Espreon Limited (Parent Entity) and its subsidiaries as at 31 December 2008.

On 27 November 2008, the Company entered into a sale agreement to dispose of its Corporate Services and Billback Systems businesses. The sale was completed by 2 January 2009. The Corporate Services business comprises Espreon Corporate Services Pty Limited and its subsidiaries, while the Billback Systems business comprises Recount Expense Management Systems Pty Ltd and its subsidiaries. These businesses are classified as Discontinued Operations held for sale for the purposes of this financial report.

3 Segment reporting

	Continuing Operations			
	Property Services $'000	Corporate Head Office $'000	Total $'000	Discontinued Operations $'000
Half year ended 31 December 2008				
Revenue				
External sales	49,322	-	49,322	13,809
Management fees – discontinued operations	-	443	443	-
Total revenue	**49,322**	**443**	**49,765**	**13,809**
Result				
Segment results before interest and impairment	**3,027**	**-**	**3,027**	**1,119**
Management fees – discontinued operations	-	443	443	-
Corporate head office costs	-	(1,370)	(1,370)	-
Costs associated with takeover offers	-	(1,180)	(1,180)	-
Impairment of assets	-	-	-	(20,327)
Costs of disposal	-	-	-	(342)
Earnings before interest and tax expense	**3,027**	**(2,107)**	**920**	**(19,550)**
Interest received	312	113	425	35
Fair value loss on derivative instruments	-	(650)	(650)	-
Finance costs	(3)	(1,305)	(1,308)	(27)
Profit before income tax expense	**3,336**	**(3,949)**	**(613)**	**(19,542)**
Half year ended 31 December 2007				
Revenue				
External sales	56,524	-	56,524	15,595
Management fees – discontinued operations	-	391	391	-
Total revenue	**56,524**	**391**	**56,915**	**15,595**
Result				
Segment results before interest and impairment	**4,245**	**-**	**4,245**	**1,500**
Management fees – discontinued operations	-	391	391	-
Corporate head office costs	-	(1,760)	(1,760)	-
Earnings before interest and tax expense	**4,245**	**(1,369)**	**2,876**	**1,500**
Interest received	160	37	197	22
Fair value gains on derivative instruments	-	196	196	-
Finance costs	(7)	(1,547)	(1,554)	(73)
Profit before income tax expense	**4,398**	**(2,683)**	**1,715**	**1,449**

During the period and in the previous comparative period, the Company operated three business segments.

- **Property Services** provides manual logistics services mainly in the area of property transactions, ie: property settlements, stamping and registration of documents, property enquiries and strata reports. In addition, this business provides online searches and reports mainly from state governments' databases, such as land titles searches and company extracts, whereby the services are ordered and the search results or reports are delivered via the internet.

3 Segment reporting (continued)

- **Corporate Services** provides company registrations, trust formations including DIY self managed superannuation funds, and related corporate registry services for the accounting, financial planning and legal professions.

- **Billback Systems** develops, supplies, implements and supports expense management and cost recovery systems for the professional services sectors.

On 27 November 2008, the Company announced the sale of the Corporate Services and Billback Systems businesses to Reckon Limited for gross sales proceeds of $18 million. On 2 January 2009, the Company completed the sales of these businesses. These businesses are classified as Discontinued Operations held for sale; further details of which are included in note 8 to these financial statements.

4 Expenses

	CONSOLIDATED	
Continuing operations	**2008 $'000**	**2007 $'000**
Employee benefits		
Wages and salaries	6,879	7,481
Defined contribution superannuation	573	587
Share-based payments	94	156
Other employee benefits	609	576
Total employee benefits	**8,155**	**8,880**
Depreciation of non-current assets		
Plant and equipment	149	198
Leased plant and equipment	37	37
Total depreciation	**186**	**235**
Amortisation of non-current assets		
Leasehold improvements	201	211
Make good costs	30	21
Software and intangibles	458	444
Total amortisation	**689**	**676**
Total depreciation and amortisation	**875**	**911**
Finance costs		
Bank loan and other financial institutions	1,291	1,530
Finance charges – lease liability	3	7
Other loans	14	17
Total finance costs	**1,308**	**1,554**
Expenses also include:		
Bad and doubtful debts - trade debtors	172	108
Rental expense on operating lease		
- Minimum lease payments	850	700

5 Earnings per share

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

	CONSOLIDATED	
	2008 $'000	**2007 $'000**
For basic and diluted earnings per share		
Net (loss) / profit from continuing operations attributable to equity holders of the parent	(429)	1,051
(Loss) / profit attributable to discontinued operations	(19,503)	982
Net loss / profit attributable to equity holders of the Parent	(19,932)	2,033

(b) Weighted average number of shares

	CONSOLIDATED	
	2008 '000	**2007 '000**
Weighted average number of ordinary shares for basic earnings per share	94,760	93,897
Effect of dilution:		
Share options	-	3,307
Weighted average number of ordinary shares adjusted for the effect of dilution	**94,760**	**97,204**
Effect of share options that are not dilutive	500	-

(c) Earnings per share

Basic (loss) / earnings per share (cents per share)	(21.03)	2.17
Diluted (loss) / earning per share (cents per share)	(21.03)	2.09
Continued operations - Basic (loss) / earnings per share (cents per share)	(0.45)	1.12
Continued operations – Diluted (loss) / earnings per share (cents per share)	(0.45)	1.08
Discontinued operations – Basic (loss) / earnings per share (cents per share)	(20.58)	1.05
Discontinued operations – Diluted (loss) / earnings per share (cents per share)	(20.58)	1.01

(d) Net tangible asset backing per share

Net tangible asset backing per ordinary share	($0.14)	($0.18)

6 Cash and cash equivalents

	CONSOLIDATED	
	31 December 2008 $'000	30 June 2008 $'000
Cash on hand	8	8
Cash at bank	10,177	6,899
Deposits at call	-	134
	10,185	**7,041**
Cash at bank (not available for use)	4,306	905
	14,491	**7,946**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as stated above.

Restricted Cash at bank – Client funds
The Group acts as an agent for the collection of Government Authority charges due from its clients. The Group collects duties and fees from clients on a daily basis and pays amounts to the Authorities in accordance with the terms of its agency Agreement. The Group holds client funds until such time as they are due to the relevant Authority.

The balance of client funds fluctuate considerably on a day to day basis depending on client transaction activity and are treated as restricted cash not available for use by the Group.

The balance of restricted cash included within the balance sheet and cash flow statement at 31 December 2008 is $4,306,000 (30 June 2008: $905,000). A corresponding liability for the same amount is included in trade and other payables.

Client Trust Accounts (not recorded in the Balance Sheet)
In addition to the cash balance included in the balance sheet and cash flow statement reported above; the Group operates trust bank accounts for the specific purpose of facilitating the settlement of client transactions. Clients deposit funds into these accounts from which funds are subsequently drawn in accordance with contractual arrangements with its clients.

The balance of funds in these accounts represent client funds, the direction and control of which is based on client instructions. Consequently, the amounts are not included as part of the Group's cash balance within the balance sheet and cash flow statement.

The balance of the Trust accounts at 31 December 2008 is $1,654,000 (30 June 2008: $11,516,000).

7 Interest bearing liabilities

	CONSOLIDATED	
Current	**31 December 2008 $'000**	**30 June 2008 $'000**
Lease liability	38	94
Bank loan	16,838	2,204
Other loan	-	475
	16,876	**2,773**
Non-current		
Bank loan	10,083	24,643
Other loan	-	214
	10,083	**24,857**
Bank loan		
Gross outstanding amount	27,187	27,187
Unamortised borrowing costs	(266)	(340)
Net bank loan liability	**26,921**	**26,847**

(a) Secured lease liability

The lease liability is secured by a first equitable mortgage by the Company and its controlled entities over the whole of their assets and undertakings including uncalled capital.

(b) Secured bank loan

The Company obtained a 5 year bank bill discount facility of $35,000,000 from the Commonwealth bank in June 2006 to assist with the funding of business acquisitions. To support the on-going operations of the Company, a multi-option facility of up to $5,000,000 for a 3 year period to June 2009 was agreed with the bank. The facilities are secured by a first charge over the Group's assets.

The bank bill discount facility is repayable in instalments and amounts repaid cannot be redrawn. At 31 December 2008, the remaining amounts of the repayments were $2,344,000 in January and July 2009: $3,125,000 in January 2010, July 2010 and January 2011; and a final repayment in June 2011 of $13,124,000. The effective interest rate after the amortisation of borrowing costs and the effect of interest rate derivatives was 9.1% (31 December 2007: 9.6%).

On 14 January 2009, the Company repaid $17,000,000 of the bank bill discount facility resulting in a gross outstanding amount of $10,187,000 ($10,017,000 net of unamortised borrowing costs) which is repayable in June 2011.

(c) Other loan
During the year ended 30 June 2006, a number of Billback rental contracts were sold to a finance company. The proceeds from the sale have been treated as a loan rental which is amortised over the life of the rental contracts.

(d) Defaults and breaches
During the current and prior years, there were no defaults or breaches on any of the loans covenants or repayments.

8 Discontinued operations held for sale

(a) Details of operations held for sale

On 27 November 2008, the Company entered into a sale agreement with Reckon Limited to dispose of the Corporate Services and Billback Systems businesses of the Group. The disposal was completed by 2 January 2009, on which date control of the businesses passed to Reckon Limited.

The Corporate Services business comprises Espreon Corporate Services Pty Limited and its subsidiaries, while the Billback Systems business comprises Recount Expense Management Systems Pty Ltd and its subsidiaries. These businesses are classified as Discontinued Operations held for sale for the purposes of this financial report.

(b) Financial performance of operations held for sale

The results of the operations held for sale for the half year are presented below:

	31 December 2008			31 December 2007			
	Total $'000	Corporate Services $'000	Billback Systems $'000	Total $'000	Property Services $'000	Corporate Services $'000	Billback Systems $'000
Revenue	**13,844**	**6,565**	**7,279**	**15,594**	**251**	**7,713**	**7,630**
Expenses	(12,717)	(5,737)	(6,980)	(14,145)	(86)	(6,577)	(7482)
	1,127	**828**	**299**	**1,449**	**165**	**1,136**	**148**
Impairment of intangibles	(20,327)			-			
Cost of disposal	(342)			-			
(Loss) / gain attributable to discontinued operations before tax	**(19,542)**			**1,449**			
Tax benefit / (expense)	39			(467)			
(Loss)/gain after tax attributable to discontinued operations	**(19,503)**			**982**			

8 Discontinued operations held for sale (continued)

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of the Corporate Services and Billback Systems businesses at 31 December 2008 are as follows:

	31 December 2008		
	Total $'000	Corporate Services $'000	Billback Systems $'000
Assets			
Cash and cash equivalents	182	15	167
Trade and other receivables	3,267	653	2,614
Inventories	1,600	37	1,563
Property, plant and equipment	728	136	592
Deferred tax assets	575	80	495
Other assets	2,111	108	2,003
	8,463	**1,029**	**7,434**
Intangibles	16,284		
Assets classified as held for sale	**24,747**		
Liabilities			
Trade and other payables	3,817	205	3,612
Interest-bearing liabilities	411	-	411
Deferred tax liabilities	606	35	571
Provisions	600	177	423
Income tax payable	189	-	189
Other liabilities	1,124	164	960
Liabilities directly associated with assets classified as held for sale	**6,747**	**581**	**6,166**
Net assets attributable to held for sale operations	**18,000**		

(d) Cash flow information – held for sale operations

The net cash flows of the Corporate Services and Billback Systems businesses for the half year ended 31 December 2008 are as follows:

	31 December 2008 $'000	31 December 2007 $'000
Net cash flows provided by operating activities	2,376	2,910
Net cash flows used in investing activities	(225)	(214)
Net cash flows used in financing activities	(3,818)	(3,379)
Net cash outflow	**(1,667)**	**(683)**

9 Contributed equity

	CONSOLIDATED			
	31 December 2008		30 June 2008	
	No. of Shares '000	Amount $'000	No. of Shares '000	Amount $'000
(a) Shares on issue				
Ordinary shares	94,852	57,273	94,477	57,092
Share based payments held in trust and treated as treasury shares	(7)	(5)	(7)	(5)
	94,845	**57,268**	**94,470**	**57,087**
(b) Movement in ordinary shares on issue				
Opening balance	94,477	57,092	93,140	56,254
Issue of ordinary shares	375	181	1,337	838
Closing balance at 31 December	**94,852**	**57,273**	**94,477**	**57,092**
(c) Long term equity based incentive plan (LTIP)				
Opening balance	7	5	307	322
Issued to employees	-	-	(300)	(317)
Closing balance at 31 December	**7**	**5**	**7**	**5**

The shares on issue exclude vested shares under the executive share based payments scheme (LTIP), which have not yet been settled.

Share and option plans
On 28 November 2008, the Company granted 500,000 options to senior executives under the Executive Option Plan at an exercise price of 25 cents and subject to service conditions. The fair value of the options was valued by an independent expert and is being expensed over the vesting period with a matching increase in the options reserve.

During the half year to 31 December 2008, 375,000 share rights issued in prior years were exercised.

10 Commitments and contingencies

(a) Finance lease commitments - Group as lessee

	CONSOLIDATED	
	31 December 2008 $'000	**30 June 2008 $'000**
Minimum lease payments payable within one year	39	97
Less future finance charges	(1)	(3)
Total lease liability	**38**	**94**

The finance leases are on plant and equipment with lease payments paid monthly in advance. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

(b) Operating lease commitments - Group as lessee

	CONSOLIDATED	
	31 December 2008 $'000	**30 June 2008 $'000**
Non-cancellable operating leases contracted:		
within one year	1,857	2,222
after one year but not more than five years	3,073	4,276
more than five years	261	454
Total lease liability	**5,191**	**6,952**

The property leases are non-cancellable leases with rent payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by the lower of CPI or between 4%-6% per annum. These property leases have an average life of between 1 and 5 years. Options exist to renew leases at the end of the lease terms. The leases allow for subletting of all lease areas. At 30 June 2008 operating lease commitments of the discontinued operations amounted to $1,045,000.

(c) Capital expenditure commitments

Capital expenditure commitments contracted for software development as at 31 December 2008 was $311,000 (30 June 2008: $623,000).

(d) Guarantees

Espreon Limited has a guarantee facility of $4,948,000 as at 31 December 2008 (30 June 2008: $4,783,000) arranged with an Australian bank. Guarantees issued under this facility at 31 December 2008 amounted to $4,631,000 (30 June 2008: $4,611,000) and relate primarily to the performance of the Company's obligations under contracts with Government Authorities and property leases.

(e) Other Contingencies

Other than in respect of guarantees above, Espreon Limited and its controlled entities do not have any contingent liabilities or contingent assets as at the 31 December 2008.

11 Events subsequent to reporting date

On 27 November 2008, the Board of Directors entered into a sale agreement with Reckon Limited to dispose of the Corporate Services and Billback Systems businesses of the Group. The disposal was completed by 2 January 2009, on which date control of the businesses passed to Reckon Limited, and the Company received gross sale proceeds of $18 million.

On 27 November 2008, Vectis Group Pty Limited ("Vectis") announced its intention to make an off market takeover bid for the Company. On 22 December 2008, Vectis issued its Bidder's Statement to the Company's shareholders and announced a final cash offer of $0.45 per share, in the absence of an alternative proposal. Vectis has extended the period of its offer from 30 January 2009 to 6 March 2009, unless further extended as permitted under the Corporations Act 2001. The Board has unanimously recommended that Espreon shareholders reject the Vectis offer and the Company issued a Target's Statement in response to Vectis' offer on 6 January 2009. To date, the Company is not aware of any shareholder acceptances of Vectis' offer.

On 13 January 2009, SAI Global Limited ("SAI") announced its intention to make an off market takeover bid for the Company. SAI is listed on the Australian Securities Exchange. SAI's Offer is 1 SAI Share for every 4.8 Espreon shares. SAI will increase its offer consideration to 1 SAI share for every 4.4 Espreon shares if SAI acquires a relevant interest in at least 90% of the Company. SAI's offer closes on 27 February 2009, unless extended as permitted under the Corporations Act 2001.

The Board has unanimously recommended that Espreon shareholders accept the SAI Offer, in the absence of a superior proposal and subject to future movements in the SAI share price. The Company issued a Target's Statement in response to SAI's offer on 2 February 2009. To date, the Company has been advised that shareholders acceptances of SAI's offer have increased SAI's relevant interest in the Company to 39%.

On 14 January 2009, the Company repaid $17,000,000 of the bank bill discount facility and terminated its interest rate swap and cap derivatives at a cost of $324,000.

The sale of the Corporate Services and Billback Systems businesses, restructure of the Company's corporate functions and potential changes in ownership and control of the Company are likely to affect significantly the operations, financial results and state of affairs of the Company in the future periods, although the Directors are unable to estimate the financial effects on the Company.

There has not been any matter or circumstance other than as disclosed above and referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or state of affairs of the economic entity in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of Espreon Limited, we state that:

In the opinion of the Directors:

a. the financial report and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of the consolidated entity; and

   ii. complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

On behalf of the Board

Phil Anderson

Phillip Anderson
Chairman

Dated this 12th day of February 2009.

Independent review Report

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To the members of Espreon Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Espreon Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors Responsibility for the Half-Year Financial Report
The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Espreon Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Independent review Report (continued)

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Espreon Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Daniel Cunningham
Partner
Sydney
12 February 2009

Company Directory

Directors

Phillip Anderson	Independent Non-Executive Director and Chairman
Ian Payne	Independent Non-Executive Director
Judi Stack	Independent Non-Executive Director
Roger Amos	Independent Non-Executive Director

Chief Executive Officer

Iain Keddie

Company Secretary

Iain Keddie & Hean Siew

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Level 7, 76 Waymouth Street, Adelaide SA 5000
Level 1, 66 St Georges Terrace, Perth WA 6000
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Website

www.espreon.com

Auditors

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Share Registry

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