ASX Announcement
Engin Limited (ENG)

18 August 2010

Company Announcements Office
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In accordance with the Listing Rules, following is the Final Report of Engin Limited for the financial year ended 30 June 2010 together with the Company's 30 June 2010 Financial Statements.

Yours faithfully
For and on behalf of Engin Limited

John Kinninmont
Company Secretary

Engin Limited

(ABN 46 063 582 990)

Appendix 4E

Current reporting period:	**Year ended 30 June 2010**
Previous corresponding period:	Year ended 30 June 2009

Results for announcement to the market:

Revenue from ordinary activities	Up	3.6%	To	$20,927,422
(Loss) from ordinary activities after tax attributable to members	Down	64.3%	To	($2,411,643)
Net loss attributable to members	Down	64.3%	To	($2,411,643)

Dividends

No dividends were paid or proposed during the period.

Brief explanation of revenue, net profit and dividends

- $2,411,643 Loss from continuing operations was an improvement of $4,348,558 (64.3%) compared to the prior year loss of $6,760,201.
- Engin delivered a Profit from continuing operations in the second half of the year of $205,617, after delivering a first half loss of $2,617,260.
- Full year EBITDA $701,155 was an improvement of $2,182,396 on the prior year EBITDA loss of $1,481,241.
- Operating revenue increased 3.6% to $20,927,422.
- Revenue from services increased 2.4%, the increase in revenue from services was led by a 4.5% increase in services in operation (SIOs) to 70,000 (2009: 67,000).
- Direct margin increased by $1,229,266 (10.5%) to $12,886,793.
- Operating expenditure decreased by $953,130 (7.3%) to $12,185,638.
- Depreciation, amortisation & impairment expense decreased $2,191,203 (40.3%). The prior year expense includes an impairment charge of $1,632,219.

Net tangible assets (NTA) per security *	**2010**	**2009**
Net tangible assets per security (cents)	22.4	41.2

* NTA is deemed to include the Customer management & billing system. Excluding this asset the NTA is 22.4 cents (2009: 19.9 cents).

For comparative purposes the calculation of NTA in this report is reflective of the share consolidation that occurred on 24 November 2009 as if it was effective on the first day of the comparative period.

Information on Audit or Review

This appendix 4E is based on Financial Statements that have been audited and are included with this announcement.

Review of Operations

Refer to the Directors report included within the attached Financial Statements.

Engin Limited

ABN 46 063 582 990

Financial report for the financial year ended 30 June 2010

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The directors of Engin Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors' report follows.

The directors of the Company at any time during or since the end of the financial year are:

Directors

Ian Smith Non-executive director Independent Chairman	A director of the company since September 2007. Chairman since January 2008. Mr Smith brings a wealth of experience in the media and communications industry to the company, with over twenty years in the advertising business. He was appointed a director of Connxion Ventures Limited on 20 July 2009. Mr Smith's previous roles include CEO of Yahoo!7, CEO of The Communications Group Holdings Pty Limited, President International for Bates Worldwide and a board director of Cordiant Communications plc. Mr Smith is a member of the Audit & Risk Management committee and a member and chairman of the Nomination & Remuneration committee.
Bruce McWilliam Non-executive director	A director of the company since October 2006. Mr McWilliam has been a director of Seven Group Holdings Limited since 28 April 2010 and Seven Network Limited since September 2003. He has been a director of Seven Media Group Pty Ltd since December 2006. He was appointed Commercial Director for Seven Network Limited in May 2003. He is an alternate director of West Australian Newspapers Holdings Limited. Prior to joining Seven Network Limited, he was a former partner of law firms Gilbert & Tobin, Turnbull McWilliam and Allen Allen & Hemsley specialising in media and commercial law. He is a former director of BSkyB, Executive Director News International Television and General Counsel of News International plc. Mr McWilliam is a member and chairman of the Audit & Risk Management Committee.
Ryan Stokes Non-executive director	A director of the company since October 2006. Mr Stokes has been a director of Seven Group Holdings Limited since 16 February 2010 and Seven Network Limited since December 2005. He is a director of Seven Media Group Pty Ltd, Westrac Pty Limited and Yahoo!7 and former Chairman of Pacific Magazines. He is an alternate director of West Australian Newspapers Holdings Limited. He is also CEO and director of Australian Capital Equity Pty Limited and other companies including vividwireless and Wireless Broadband Australia Limited (formerly Unwired Group Limited). Mr Stokes was appointed to the Board of Consolidated Media Holdings Limited on 10 September 2009. Mr Stokes is a member of the Nomination & Remuneration committee.
Tim Howard Non-executive director	A director of the company since 30 June 2010. Mr Howard is General Manager of Finance for vividwireless. Mr Howard was responsible for digital media investments & strategy at Seven Network Limited, overseeing the acquisition of Wireless Broadband Australia Limited (formerly Unwired Group Limited) by Seven Network Limited in December 2007. Previous to this he was manager of strategy & acquisitions at National Hire Group Limited from 2004 to 2006 and before that, he worked in the treasury & commodities division at Macquarie Bank and Lehman Brothers in London. Mr Howard holds a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales and an MBA from the Australian School of Business.

Martin Mercer Non-executive director	A director of the company since 30 June 2010. Mr Mercer is also director and Chief Executive Officer of vividwireless. Previously Executive Director of Marketing, Telstra Corporation Limited with various senior executive roles with Telstra Corporation covering sales, planning, strategy, business development and line management. Mr Mercer has also held executive roles in mining and resources, politics, and the public sector. Mr Mercer holds a Bachelor of Arts (Honours) and a Bachelor of Laws from the University of Sydney, a Graduate Diploma in Finance from the Securities Institute of Australia, and was a visiting Fellow at the Woodrow Wilson School of Public and International Affairs, Princeton University (Economics and Finance). Mr Mercer is a former Harkness Fellow.
Charles Solomon Executive director & CEO	A director of the company since 30 June 2010. Mr Solomon is the current CEO of Engin Limited. Mr Solomon joined Engin in July 2008 as GM Sales and Marketing and was promoted to General Manager in October 2008 and moved into the CEO role in September 2009. Mr Solomon has previously held general management and senior sales and marketing roles with Goodyear ANZ, Reckitt & Colman, Accenture and Procter & Gamble. Mr Solomon holds a Bachelor of Commerce (Honours) from the University of the Witwatersrand, a Master of Science from the University of South Africa and an MBA from the Australian Graduate School of Management.
Rohan Lund Non-executive director	Resigned 30 June 2010.

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Bruce McWilliam	Seven Group Holdings Limited	Since 28 April 2010
Bruce McWilliam	Seven Network Limited	Since September 2003 (company de-listed 9 July 2010)
Bruce McWilliam	Wireless Broadband Australia Limited (formerly Unwired Group Limited)	Since January 2008 (company de-listed May 2008)
Bruce McWilliam	West Australian Newspapers Holdings Limited	Alternate since 4 November 2008
Ryan Stokes	Seven Group Holdings Limited	Since 16 February 2010
Ryan Stokes	Seven Network Limited	Since December 2005 (company de-listed 9 July 2010)
Ryan Stokes	Wireless Broadband Australia Limited (formerly Unwired Group Limited)	Since January 2008 (company de-listed May 2008)
Ryan Stokes	West Australian Newspapers Holdings Limited	Alternate since 4 November 2008
Ryan Stokes	Consolidated Media Holdings Limited	Since 10 September 2009
Ian Smith	Connxion Ventures Limited	Since 20 July 2009

Company Secretary

John Kinninmont	Company Secretary since 17 April 2008. Bachelor of Economics (University of Sydney) and a Fellow of Chartered Secretaries Australia. Mr Kinninmont has been a Company Secretary at Seven Network Limited for the past eleven years. He is Company Secretary for the Seven Media Group.

Principal activities

The principal activity of the consolidated entity during the financial year was the delivery of broadband telephony services and the sale of related hardware to its customers, branded as "engin".

Net consolidated profit

The net amount of consolidated profit/(loss) of the consolidated entity for the financial year after provision for income taxes was ($2,411,643) [2009: ($6,760,201)].

Review of operations

The company delivered its first full year positive EBITDA of $701,115, a turn around of $2,182,396 versus the prior year EBITDA loss of ($1,481,241).

While the company delivered a PBT loss for the year of $2,411,643, which includes $2,712,475 of accelerated depreciation on the Billing System, this was an improvement of $4,348,558 versus the prior year PBT loss. During the financial year the company saw continued month on month improvement in the results, and as such delivered a PBT in the second half of the year of $205,617 (versus a first half PBT loss of $2,617,260).

The company ended the year with cash of $4,643,575 after generating net cash flow of $393,008 for the year; this result includes operating cash flow of $705,566, an improvement of $1,972,091 on the prior year operating cash outflow of ($1,266,525).

Revenue increased year on year by 3.6% to $20,927,422, with SIOs (Services In Operation) growing by 4.5% to approximately 70,000.

The company's DSL2+ product growth has continued and with approximately 3,000 active services at year-end is proving to be a strong enabler for our VoIP products in both the residential and business markets.

During the year the company successfully migrated its customer base to a new network, which is feature rich and fully scaleable. As a result a number of finance leases, which came to term in the year, were discontinued. The new network has enabled Engin to launch advanced Business VoIP products, such as the Hosted ePBX, which has had a strong take up since launching in January of this year.

During the year the company reduced the ordinary number of shares on issue by consolidating every fifty (50) shares into one (1) share. Following the consolidation and as at year end the company had 12,710,145 shares on issue.

Change in state of affairs

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than referred to in the financial statements or notes thereto.

Subsequent events

There are no subsequent events to report.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

There have been no dividends paid or declared since the beginning of the financial year, and the directors do not recommend the payment of a dividend in respect of the financial year.

Share options

Share options granted to directors and executives

On 30 June 2010, the company granted 375,000 options to employees of which 200,000 were allocated to the following Company Executives.

Executives	Number of options granted	Issuing entity	Expiry Date
M. Gepp (CFO)	100,000	Engin Limited	30 June 2015
G. Dollar (COO)	100,000	Engin Limited	30 June 2015

Shares under option or issued on exercise of options

There were no shares or interests issued during or since the end of the financial year as a result of exercise of options.

Details of unissued shares or interests under option for directors, executives and employees as at the date of this report are:

Issuing entity	Tranche	Number of options granted	Class of shares	Exercise price of option	Expiry Date
Engin Limited	1	75,000	Ordinary	$Nil	30 June 2015
Engin Limited	2	112,500	Ordinary	$Nil	30 June 2015
Engin Limited	3	112,500	Ordinary	$Nil	30 June 2015
Engin Limited	4	75,000	Ordinary	$Nil	30 June 2015
Total		375,000			

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 body corporate or registered scheme.

The following conditions apply to the options on issue:

- The exercise of Rights is contingent on Engin Limited achieving the agreed year-to-year targets for SIOs (Services in Operation) and EBITDA (effective for Tranches 2-4).
- Vesting of Rights is contingent on ongoing employment.
- The allocation of Rights for Tranche 1 is considered a "Performance Bonus" based on performance already achieved in the FY09 year.
- Four tiers are used to measure performance for the purpose of the vesting of Rights:

Achieving Target greater than or equal to:	100%
% of Rights that vest	100%
Achieving Target greater than or equal to:	95-99%
% of Rights that vest	75%
Achieving Target greater than or equal to:	90-94%
% of Rights that vest	50%
Achieving Target greater than or equal to:	90%
% of Rights that vest	0%

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company against a liability incurred as a director, secretary 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, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate of the company 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 8 Board meetings, 3 Audit & Risk Management Committee and 2 Remuneration & Nomination Committee meetings were held.

	Board of Directors		Remuneration & Nomination Committee		Audit & Risk Management Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ian Smith	8	8	2	2	3	3
Ryan Stokes	8	8	2	2	3	3
Bruce McWilliam	8	8	-	-	3	3
Rohan Lund	8	8	-	-	3	3

Mr Mercer, Mr Howard and Mr Solomon, all of who were appointed Directors of the company on 30 June 2010 did not attend any Board meetings in the capacity of Director during the year.

Directors' shareholdings

Mr Stokes and Mr McWilliam are both directors of Seven Group Holdings Limited, which ultimately holds 7,429,945 shares in the company. No director or director related entities hold shares in the company other than the Seven Group Holdings Limited shareholding disclosed.

Remuneration report

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for making recommendations to the Board on remuneration and compensation policies and packages for all staff, including Board members and executives of the Group. It oversees the appointment and induction process for directors' and committee members, and the election, appointment and succession planning process of the Company's CEO.

Role of the committee

The Remuneration & Nomination Committee operates in accordance with its Charter; its responsibilities include review and recommendation to the Board on:

- Executive remuneration and incentive policies
- Ensuring policy allows the company to recruit and retain suitably qualified executives
- Remuneration framework for directors
- Aligning the interests of key employees to the long term interests of shareholders
- Demonstrate a clear relationship between key executive performance and remuneration

Remuneration report (cont.)

Membership

The current members of the committee are Mr Smith (Chairman) and Mr Stokes.

Remuneration principles and policy

The key principles of the Company Remuneration Policy are to remunerate and compensate fairly and responsibly; to remunerate competitively enabling the attraction, retention and motivation of staff of the highest quality and best skills from the industry in which the company operates; and to ensure that remuneration packages properly reflect the duties and responsibilities of the staff member, including the impact they are expected to have on operational and financial performance.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. For 2010, key management personnel comprise the Directors of the company, the Chief Executive Officer, the Chief Financial Officer and the Chief of Operations. The company secretary is a Company Executive.

Remuneration Structure

Remuneration levels for Key Management Personnel and Executives are competitively set to attract and retain appropriately qualified and experienced individuals.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes fringe benefits tax charges related to employee benefits), as well as employer contributions to superannuation funds and guaranteed bonus payments. The Remuneration Committee through a process that considers individual, segment, and overall performance of the Group reviews remuneration levels.

Performance linked remuneration

Performance linked remuneration is designed to reward key management personnel for meeting or exceeding their financial and personal objectives and includes both a cash and share based component.

Directors of the company

The following persons acted as directors of the company during or since the end of the financial year:

I. Smith	Independent Chairman, Non-executive director
R. Stokes	Non-executive director
B. McWilliam	Non-executive director
T. Howard	Non-executive director (appointed 30 June 2010)
M. Mercer	Non-executive director (appointed 30 June 2010)
C. Solomon	Executive director (appointed 30 June 2010)
R. Lund	Non-executive director (resigned 30 June 2010)

The total maximum remuneration of non-executive directors is $500,000 per annum (as approved by shareholders on 20 November 2006).

The non-executive directors received no performance-linked remuneration during the year. No options were granted to any Director during the year, nor did any Director hold or exercise options in the Company during the year.

Remuneration report (cont.)

Company Executives

The Executives discussed in this section are Mr Solomon (Executive Director and CEO), Mr Gepp (CFO) and Mr Dollar (COO), all of who are members of the Company's Key Management Personnel and who were employed for the duration of the year and at 30 June 2010. Mr Kinninmont (Company Secretary) is a Company Executive.

In the opinion of the Board, there are no other Key Management Personnel (as defined by AASB 124) employed by the consolidated entity.

Remuneration and compensation details of Directors and Company Executives for the year ended 30 June 2010 are shown below.

Key Management Personnel – Non Executive Directors

	Short term benefits			Post employment	Share-based payments	
	Salary & fees	Bonus	Non-monetary	Super-annuation	Options	Total
	$	$	$	$	$	$
I. Smith (Chairman)						
2010	100,000	-	-	9,000	-	109,000
2009	139,000	-	-	12,510	-	151,510
R. Stokes [a]						
2010	-	-	-	-	-	-
2009	-	-	-	-	-	-
B. McWilliam [a]						
2010	-	-	-	-	-	-
2009	-	-	-	-	-	-
R. Lund [a] [b]						
2010	-	-	-	-	-	-
2009	-	-	-	-	-	-
T. Howard [c]						
2010	-	-	-	-	-	-
M. Mercer [c]						
2010	-	-	-	-	-	-
Total Directors						
2010	100,000	-	-	9,000	-	109,000
2009	139,000	-	-	12,510	-	151,510

[a] Mr Stokes, Mr McWilliam and Mr Lund received no remuneration for services performed in the current or previous financial year.
[b] Mr Lund resigned as Director on 30 June 2010.
[c] Mr Mercer and Mr Howard were appointed Directors on 30 June 2010 and received no remuneration for services performed in the current financial year.

Remuneration report (cont.)

Key Management Personnel – Executive Directors, Executives and Company Executive

	Short term benefits			Post employment		Share-based payments	
	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Termination benefits $	Options $	Total $
C. Solomon (Executive Director & CEO) [d]							
2010	260,000	91,000	-	31,590	-	-	382,590
2009	232,159	-	-	20,850	-	-	253,009
J. Kinninmont (Company Secretary)[e]							
2010	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
M. Gepp (CFO)							
2010	172,300	45,000	-	27,950	-	8,387	253,637
2009	180,000	-	-	16,200	-	-	196,200
G. Dollar (COO)							
2010	181,514	40,000	-	19,800	-	8,387	249,701
2009	180,000	-	-	16,200	-	-	196,200
Total Senior management							
2010	613,814	176,000	-	79,340	-	16,774	885,928
2009	592,159	-	-	53,250	-	-	645,409

[d] Mr Solomon was appointed as a Director on 30 June 2010.
[e] Mr Kinninmont received no remuneration for services performed in the current or previous financial year.

Analysis of bonuses included in remuneration

Details of the vesting profile of short-term incentive cash bonuses awarded as remuneration to each executive of the Company for each of the Key executives are detailed below:

Executive	Included in remuneration [a]	% vested in year	% forfeited in year
C. Solomon (Executive Director and CEO)	91,000	100%	0%
M. Gepp (CFO)	45,000	100%	0%
G. Dollar (COO)	40,000	100%	0%

[a] Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of Company goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of bonus schemes for the 2010 financial year.

The company issued share options on 30 June 2010. It did not have a policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. The Company is currently putting in place such a policy. No recipient of options entered into any arrangement of this sort during or after the 2010 financial year. The company has a share trading policy, which prohibits Directors, executives and staff from trading in shares of the company except for the six week period following the release of the company's half yearly and yearly results to the ASX and after the Annual General Meeting.

Remuneration report (cont.)

Employment contracts

The remuneration and other terms of employment for the Executives named above are set out in written employment agreements. Each of these employment agreements are unlimited in term but may be terminated by written notice by either party and by the Company making payment in lieu of notice. The amount of notice required from the Company in these circumstances is set out in the following table:

Name of Executive	Company notice period	Employee notice period	Termination provision
C. Solomon	6 months	3 months	6 months base salary
M. Gepp	3 months	3 months	3 months base salary
G. Dollar	3 months	3 months	3 months base salary

Each of the agreements sets out the arrangement for total fixed remuneration, performance-related cash bonus opportunities, superannuation and termination rights and obligations. Executive salaries are reviewed annually. The executive employment agreements do not require the company to increase base salary, incentive bonuses or to continue the participants' participation in equity-based incentive programs.

Value of options issued to directors and executives

Details on options over ordinary shares in the Company that were granted as compensation to each Key Management Person during the period and details on options that vested during the reporting period are as follows:

Executives	No. of options granted	Grant Date	Fair value per option at grant date ($)	Exercise price per option	Expiry Date	No. of options vested as at 30 June 2010
M. Gepp	100,000	30 June 2010	0.40	$Nil	30 June 2015	-
G. Dollar	100,000	30 June 2010	0.40	$Nil	30 June 2015	-

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

Remuneration policy and company performance

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2010:

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Net profit/(loss) after tax [$]	(2,411,643)	(6,760,201)	(12,168,391)	(17,337,392)	(7,319,252)
Basic earnings/(loss) per share[a] [cents]	(19.0)	(53.0)	(145.0)	(279.5)	(183.5)
Share price [cents]	40	1.6	2.1	18.0	22.5
Dividend [cents per share]	-	-	-	-	-

[a] On 24 November 2009 the company reduced the number of shares on issue by consolidating every fifty (50) shares into one (1) share. The earnings per share in the comparative years have been restated to present the comparison as if the share consolidation occurred in the earliest period presented.

Non-audit services

The Amount paid or payable to the auditors for non-audit services performed during the year was $4,655 (2009: $Nil). All amounts paid or payable to the auditor are outlined in note 6 to the financial statements.

The directors are satisfied that the provision of non-audit services by the auditor, KPMG, was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Corporations Act amendment

Due to an amendment to the Corporations Act, the requirement to present parent company financial statements has been removed. Summarised parent entity information is disclosed in Note 29.

Auditor's independence declaration

The auditor's independence declaration is included on page 14 of the financial report.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Ian Smith
Chairman

Sydney
18 August 2010

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of engin Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

18 August 2010

Engin Limited
Consolidated statement of comprehensive income
For the financial year ended 30 June 2010

		Consolidated	
	Note	2010 $	2009 $
Continuing operations			
Revenue from ordinary activities	2	20,927,422	20,200,247
Communication expenses		(6,780,049)	(7,023,014)
Cost of hardware sold		(1,260,580)	(1,519,706)
Gross Profit		**12,886,793**	**11,657,527**
Other income	2	133,500	-
Employee expenses		(7,217,641)	(7,779,703)
Marketing expenses		(990,238)	(969,881)
Occupancy expenses		(320,006)	(432,524)
Other operating expenses		(3,791,253)	(3,956,660)
Depreciation, amortisation & impairment expense	2	(3,247,675)	(5,438,878)
Results from operating activities		**(2,546,520)**	**(6,920,119)**
Finance income		165,806	246,016
Finance expenses	2	(30,929)	(86,098)
Net finance income/(expense)		**134,877**	**159,918**
Profit/(loss) before income tax		**(2,411,643)**	**(6,760,201)**
Income tax expense	3	-	-
Profit/(loss) for the year		**(2,411,643)**	**(6,760,201)**
Other comprehensive income		-	-
Other comprehensive income for the period net of income tax		-	-
Total comprehensive income for the period		**(2,411,643)**	**(6,760,201)**

Earnings/(Loss) per share (cents per share)

From continuing operations:			
Basic	20	(19.0)	(53.2)
Diluted	20	(19.0)	(53.2)

The notes on pages 19 to 44 are an integral part of these consolidated financial statements.

Engin Limited
Balance sheet
For the financial year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	$	$
Current assets			
Cash and cash equivalents	27	4,643,575	4,250,567
Trade and other receivables	7	1,371,215	1,252,280
Inventories	8	240,655	181,003
Other assets	9	156,247	194,152
Total current assets		**6,411,692**	**5,878,002**
Non-current assets			
Property, plant and equipment	10	814,244	1,070,097
Customer management & billing system	10	-	2,704,975
Total non-current assets		**814,244**	**3,775,072**
Total assets		**7,225,936**	**9,653,074**
Current liabilities			
Trade and other payables	12	3,598,272	3,649,670
Borrowings – Finance lease liability	13	59,790	443,474
Provisions	14	244,385	250,384
Total current liabilities		**3,902,447**	**4,343,528**
Non-current liabilities			
Borrowings – Finance lease liability	15	192,169	-
Provisions	16	135,306	76,252
Other	15	142,911	-
Total non-current liabilities		**470,386**	**76,252**
Total liabilities		**4,372,833**	**4,419,780**
Net assets		**2,853,103**	**5,233,294**
Equity			
Issued capital	17	45,064,769	45,064,769
Reserves	18	31,452	-
Retained earnings/(accumulated losses)	19	(42,243,118)	(39,831,475)
Total equity		**2,853,103**	**5,233,294**

The notes on pages 19 to 44 are an integral part of these consolidated financial statements.

Engin Limited
Cash flow statement
For the financial year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Cash flows from operating activities			
Receipts from customers		22,654,235	22,148,893
Payments to suppliers and employees		(21,917,740)	(23,329,320)
Interest and other costs of finance paid		(30,929)	(86,098)
Net cash from/(used in) operating activities	27(b)	**705,566**	**(1,266,525)**
Cash flows from investing activities			
Payment for property, plant and equipment		(286,849)	(121,056)
Interest received		165,806	246,016
Net cash (used in)/from investing activities		**(121,043)**	**124,960**
Cash flows from financing activities			
Repayment of borrowings		(397,505)	(1,176,222)
Proceeds from borrowing		205,990	-
Share issue costs		-	(14,898)
Net cash (used in) financing activities		**(191,515)**	**(1,191,120)**
Net increase/(decrease) in cash and cash equivalents		393,008	(2,332,685)
Cash and cash equivalents at 1 July		4,250,567	6,583,252
Cash and cash equivalents at 30 June	27(a)	**4,643,575**	**4,250,567**

The notes on pages 19 to 44 are an integral part of these consolidated financial statements.

Engin Limited
Statement of changes in equity
For the financial year ended 30 June 2010

Consolidated

	Share capital	Employee benefits reserve	Retained earnings	Total equity
	$	$	$	$
Balance as at 30 June 2008	**45,079,667**	**-**	**(33,071,274)**	**12,008,393**
Total recognised income & expense	-	-	(6,760,201)	(6,760,201)
Share issue cost	(14,898)	-	-	(14,898)
Balance as at 1 July 2009	**45,064,769**	**-**	**(39,831,475)**	**5,233,294**
Total recognised income & expense	-	-	(2,411,643)	(2,411,643)
Share-based payment - Options	-	31,452	-	31,452
Balance at 30 June 2010	**45,064,769**	**31,452**	**(42,243,118)**	**2,853,103**

The notes on pages 19 to 44 are an integral part of these consolidated financial statements.

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 financial statements were authorised for issue by the directors on 18 August 2010.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgements, 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 judgements. Actual results may differ from these estimates.

The estimates and 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.

Going concern

The financial report has been prepared on the basis that Engin is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Based on current cash and profit projections the Directors believe this is an appropriate basis.

1. Summary of accounting policies (cont'd)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(c) Borrowing costs

Borrowing costs directly attributable to assets under construction are capitalised as part of the cost of those assets.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments.

(e) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, sick leave, and other employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits, including long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(f) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1. Summary of accounting policies (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(g) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(h) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in the statement of financial performance in the period in which they arise.

Financial statements of integrated foreign controlled entities are translated at reporting date using the temporal method and exchange differences are taken directly to the statement of financial performance.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1. Summary of accounting policies (cont'd)

(j) Impairment of non-current assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes recoverable in respect of the tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as an asset to the extent that it is refundable.

Deferred tax

Deferred tax is accounted for using the comprehensive 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 the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1. Summary of accounting policies (cont'd)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation
The company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Engin Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 3 to the financial statements.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

(m) Investments

Investments in controlled entities are recorded at cost. Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Dividend and interest revenues are recognised on a receivable basis.

(n) Joint ventures

Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method on the company financial statements.

(o) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Consolidated entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 1(b).

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments 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 from the leased asset are consumed.

1. Summary of accounting policies (cont'd)

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Plant & equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Billing system 30 months
- Other plant and equipment 3-8 years
- Equipment under finance lease 3-5 years

The useful life of the Billing system has been revised from 5 years in the prior reporting period to 30 months in the current reporting period in keeping with the estimated residual value of the asset.

(q) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 23 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(r) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

1. Summary of accounting policies (cont'd)

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors on or before the reporting date.

(s) Revenue recognition

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the company and consolidated entity has passed control of the goods or other assets to the buyer.

Rendering of Services – Broadband Telephony Provider

Revenue from the rendering of broadband telephony services is recognised by Engin Limited as customers utilise the service (make telephone calls) and service fees accrue over the monthly billing period.

(t) 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 binomial 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.

(u) Adoption of new and revised accounting policies

The following standards, amendments to standards and interpretations have been identified as those that may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied preparing this financial report:

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement.

AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

1. Summary of accounting policies (cont'd)

(u) Adoption of new and revised accounting policies (cont'd)

AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI 11 AASB 2 - Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

2. Revenue and expenses from continuing operations

	Consolidated 2010 $	Consolidated 2009 $
Operating revenue		
Rendering of services	20,383,344	19,912,320
Sale of goods	544,078	287,927
	20,927,422	**20,200,247**
Other income		
Other revenue	133,500	-
	133,500	**-**
Finance expenses		
Finance lease finance charge	30,929	86,098
	30,929	**86,098**
Other expenses		
Net bad and doubtful debts	227,316	227,000
Equity settled share based payments	31,452	-
Depreciation and amortisation:		
Billing System	2,712,475	1,254,055
Other plant & equipment	335,039	1,276,604
Equipment under finance lease	200,161	1,276,000
Impairment:		
Impairment of plant and equipment & equipment under finance lease	-	1,632,219
Total depreciation, amortisation and impairment	**3,247,675**	**5,438,878**
Operating lease rental expenses:		
Minimum lease payments	215,285	289,512

3. Income tax expense

	Consolidated	
	2010 $	2009 $
Income tax expense		
Current period	-	-
Deferred tax (credit)/expense due to origination and reversal of temporary differences	-	-
Tax losses not brought to account	-	-
Total tax expense in income statement	-	-
Reconciliation between tax expense and pre-tax accounting profit		
Profit/(loss) before income tax	(2,411,643)	(6,760,201)
Income tax (credit) using the domestic corporation tax rate 30% (2009: 30%)	(723,493)	(2,028,060)
Non-deductible expenses	15,176	5,000
Tax losses not brought to account	708,317	2,023,060
	-	-

Deferred tax balance

There was no deferred tax balance recognised on the balance sheet in either the current or prior year.

Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

	2010	2009
Tax losses – revenue	14,198,475	13,490,158
Tax losses – capital	257,000	257,000
	14,455,475	**13,747,158**

The taxation benefits of tax losses not brought to account will only be obtained if:

- assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Engin Limited. The members of the tax-consolidated group are identified at note 23.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Engin Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

4. Director and Executive disclosures

Individual Directors and Executives remuneration disclosures

Information regarding individual Directors' and Executives' remuneration as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' report.

No Director has entered into a material contract with the Company or Group since the end of the previous financial year-end. There were no material contracts involving Directors interests existing at year-end.

The aggregate compensation made to Directors and other members of Key Management Personnel of the company and the Group is set out below:

	Consolidated	
	2010	2009
	$	$
Short term employee benefits	889,814	929,792
Post-employment benefits	88,340	81,698
Other long term benefits	-	-
Termination benefits	-	196,251
Share-based payments	16,774	-
Total	**994,928**	**1,207,741**

The comparative figures include amounts paid to executives that did not hold that role in the current year.

5. Share-based payments

As at 30 June 2010 the number of options on issue was 375,000 (2009: Nil).

The Group has a share-based compensation scheme for executives, senior employees and non-executive directors of the Group. In accordance with the provisions of the plans, as approved by shareholders at previous annual general meetings, executives, senior employees and non-executive directors may be granted options to acquire ordinary shares at no consideration where specified key performance targets are achieved.

Each executive share option converts into one ordinary share of Engin Limited on exercise. 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 following conditions apply to the options on issue:

- The exercise of Rights is contingent on Engin Limited achieving the agreed year-to-year targets for SIOs (Services in Operation) and EBITDA (effective for Tranches 2-4).
- Vesting of Rights is contingent on ongoing employment.
- The allocation of Rights for Tranche 1 is considered a "Performance Bonus" based on performance already achieved in the FY09 year.
- Four tiers are used to measure performance for the purpose of the vesting of Rights:

Achieving Target greater than or equal to:	100%
% of Rights that vest	100%
Achieving Target greater than or equal to:	95-99%
% of Rights that vest	75%
Achieving Target greater than or equal to:	90-94%
% of Rights that vest	50%
Achieving Target greater than or equal to:	90%
% of Rights that vest	0%

The following table reconciles the outstanding share options granted under the Executive Share Option Plan at the beginning and end of the financial year:

	2010		2009	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	-	-	-	-
Granted during the financial year	375,000	-	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Balance at end of the financial year	375,000	-	-	-
Exercisable at end of the financial year	-	-	-	-

6. Auditors' remuneration

	Consolidated	
	2010 $	2009 $
Amounts received or due and receivable by auditors of the company for:		
Audit services		
KPMG Australia		
- Audit and review of financial statements	90,793	100,000
- Other audit related services	-	-
	90,793	100,000
Other Services		
KPMG Australia		
- Other assurance services	4,655	-
Total Auditors' remuneration	**95,448**	**100,000**

KPMG was appointed auditor of the company by a resolution of shareholders at the AGM on 27 November 2008.

7. Trade and other receivables

	Consolidated 2010 $	Consolidated 2009 $
Current:		
Trade receivables	1,606,175	1,414,666
Allowance for doubtful debts	(234,960)	(162,386)
	1,371,215	1,252,280
Other sundry debtors	-	-
	1,371,215	1,252,280

Movement in the allowance for doubtful debts		
Balance at the beginning of the year	162,386	105,293
Amounts written off as uncollectible	(167,341)	(183,295)
Amounts recovered during the year	12,599	13,388
Impairment losses recognised on receivables	227,316	227,000
Balance at the end of the year	234,960	162,386

In determining the recoverability of a trade receivable, Engin Limited reviews any debt over the age of 90 days. Using historical trends regarding timing of recoveries, debts that are determined to be impaired are fully provided for. This amount is fully provided for as a doubtful debt. Any receivable under 90 days that management considers unrecoverable is also fully provided for. Accordingly the directors believe that there is no further provision required for impairment than the allowance of doubtful debts. There were no individually significant impaired receivables, all impaired receivables were over 90 days past due.

The Groups exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 28.

8. Inventories

	Consolidated 2010 $	Consolidated 2009 $
Finished goods:		
At cost	391,738	393,459
Provision for obsolescence	(151,083)	(212,456)
At net realisable value	240,655	181,003

9. Other current assets

Prepayments	156,247	191,102
Other	-	3,050
	156,247	194,152

10. Property, plant and equipment

	Customer management & billing system	Other plant and equipment	Equipment under finance lease at cost	Total
Gross carrying amount:				
Balance at 1 July 2008	5,051,289	8,456,527	3,390,564	16,898,380
Additions	7,500	113,556	-	121,056
Disposals	-	(19,000)	-	(19,000)
Transfer	-	234,560	(234,560)	-
Balance at 30 June 2009	**5,058,789**	**8,785,643**	**3,156,004**	**17,000,436**
Additions	7,500	276,328	281,019	564,847
Disposals	-	(278,000)	(2,073,336)	(2,351,336)
Transfer	-	-	-	-
Balance at 30 June 2010	**5,066,289**	**8,783,971**	**1,363,687**	**15,213,947**
Accumulated depreciation, amortisation & impairment:				
Balance at 1 July 2008	(1,099,759)	(5,441,873)	(1,263,854)	(7,805,486)
Depreciation expense	(1,254,055)	(1,276,604)	(1,276,000)	(3,806,659)
Impairment	-	(1,169,051)	(463,168)	(1,632,219)
Disposals	-	19,000	-	19,000
Transfer	-	(136,814)	136,814	-
Balance at 30 June 2009	**(2,353,814)**	**(8,005,342)**	**(2,866,208)**	**(13,225,364)**
Depreciation expense	(2,712,475)[a]	(335,039)	(200,161)	(3,247,675)
Disposals	-	-	2,073,336	2,073,336
Balance at 30 June 2010	**(5,066,289)**	**(8,340,381)**	**(993,033)**	**(14,399,703)**
Net book value				
As at 30 June 2009	2,704,975	780,301	289,796	3,775,072
As at 30 June 2010	-	**443,590**	**370,654**	**814,244**

	Consolidated	
	2010	**2009**
	$	$
Aggregate depreciation recognised as an expense during the year:		
Billing system	2,712,475	1,254,055
Plant and equipment	335,039	1,276,604
Equipment under finance lease	200,161	1,276,000
	3,247,675	**3,806,659**

[a] The useful life of the Billing system has been revised from 5 years in the prior reporting period to 30 months in the current reporting period in keeping with the estimated residual value of the asset.

11. Assets pledged as security

The consolidated entity does not hold title to the equipment under finance lease, which is pledged as security against the finance lease liability.

12. Current trade and other payables

	Consolidated	
	2010 $	2009 $
Trade payables	1,191,057	1,798,129
Other payables and accruals	2,407,215	1,851,541
	3,598,272	3,649,670

13. Current borrowings

Secured

At amortised cost:

Finance lease liabilities (note 11 & 22)	59,790	443,474

14. Current provisions

Employee benefits	244,385	250,384

15. Non-current borrowings

Secured

At amortised cost:

Finance lease liabilities (note 11 & 22)	192,169	-
Other	142,911	-

16. Non-current provisions

Employee benefits	135,306	76,252

17. Issued capital

	Consolidated 2010 $	Consolidated 2009 $
Fully paid ordinary shares (2010: 12,710,145)	45,064,769	45,064,769

The company does not have authorised capital and issued shares do not have a par value.
On 24 November 2009 the company reduced the number of its shares on issue by consolidating every fifty (50) shares into one (1) share.

	2010 No.	2010 $	2009 No.	2009 $
Fully paid ordinary shares				
Balance at beginning of financial year	635,516,979	45,064,769	635,516,979	45,079,667
After consolidation of Shares 50:1	12,710,145	45,064,769	-	-
Issue of shares	-	-	-	-
Share issue costs	-	-	-	(14,898)
Balance at end of financial year	12,710,145	45,064,769	635,516,979	45,064,769

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

18. Reserves

	Consolidated 2010 $	Consolidated 2009 $
Employee equity-settled benefits reserve		
Balance at beginning of financial year	-	-
Share-based payment - Options	31,452	-
Transfer to share capital	-	-
Balance at end of financial year	31,452	-

On 30 June 2010 the company issued 375,000 options.
The employee equity-settled benefits reserve arises on the grant of share options to executives and selected employees under the executive share ownership plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to executives is made in note 5 to the financial statements.

19. (Accumulated losses) / retained earnings

	Consolidated 2010 $	Consolidated 2009 $
Balance at beginning of financial year	(39,831,475)	(33,071,274)
Net loss attributable to members of the parent entity	(2,411,643)	(6,760,201)
Balance at end of financial year	(42,243,118)	(39,831,475)

20. Earnings/(Loss) per share

For comparative purposes the calculation of EPS and the weighted average number of ordinary shares in this report is reflective of the share consolidation that occurred on 24 November 2009 as if it was effective on the first day of the comparative period.

	Consolidated	
	2010 Cents per share	2009 Cents per share
Basic earnings/(loss) per share:		
From continuing operations	(19.0)	(53.2)
Total basic earnings/(loss) per share	(19.0)	(53.2)
Diluted earnings/(loss) per share:		
From continuing operations	(19.0)	(53.2)
Total diluted earnings/(loss) per share	(19.0)	(53.2)

Basic earnings/(loss) per share

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

	Consolidated	
	2010 $	2009 $
(Loss)/Earnings from continuing operations (a)	(2,411,643)	(6,760,201)
	2010 No.	2009 No.
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	12,710,145	12,710,145

(a) Earnings/(loss) used in the calculation of total basic earnings/(loss) per share and basic earnings/(loss) per share from continuing operations reconciles to net profit/(loss) in the income statement as follows:

	Consolidated	
	2010 $	2009 $
Net profit/(loss)	(2,411,643)	(6,760,201)

20. Earnings/(Loss) per share (cont'd)

Diluted earnings/(loss) per share

	Consolidated	
	2010	**2009**
	$	**$**
(Loss)/earnings from continuing operations (a)	(2,411,643)	(6,760,201)
	2010	**2009**
	No.	**No.**
Weighted average number of ordinary shares for the purposes of diluted earnings per share (b)	12,711,172	12,710,145

(a) Earnings/(loss) used in the calculation of total diluted earnings/(loss) per share and diluted earnings/(loss) per share from continuing operations reconciles to net profit/(loss) in the income statement as follows:

	2010	**2009**
	$	**$**
Net profit/(loss)	(2,411,643)	(6,760,201)

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

	Consolidated	
	2010	**2009**
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	12,710,145	12,710,145
Shares deemed to be issued for no consideration in respect of:		
Employee options	1,027	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	12,711,172	12,710,145

There were 375,000 employee options on issue at 30 June 2010.

21. Franking account

	Company	
	2010	**2009**
	$	**$**
Adjusted franking account balance (tax paid basis)	3,985,319	3,985,319

22. Leases

Finance leases

Leasing arrangements

Finance leases relate to network hardware and computer leases. The consolidated entity has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

Finance lease liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	Consolidated		Consolidated	
	2010 $	2009 $	2010 $	2009 $
No later than 1 year	80,914	456,582	59,790	443,474
Later than 1 year and not later than 5 years	229,437	-	192,169	-
Minimum lease payments*	310,351	456,582	251,959	443,474
Less future finance charges	(58,392)	(13,108)	-	-
Present value of minimum lease payments	251,959	443,474	251,959	443,474
Included in the financial statements as:				
Current borrowings (note 13)			59,790	443,474
Non-current borrowings (note 15)			192,169	-
			251,959	443,474

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.

Operating leases

Leasing arrangements

In October 2009 the company entered into a five-year lease for office facilities. Operating leases relate solely to these office facilities with a lease term to October 2014.

	Consolidated	
	2010 $	2009 $
Non-cancellable operating lease payments		
Not longer than 1 year	190,544	72,377
Longer than 1 year and not longer than 5 years	619,257	-
	809,811	72,377

23. Subsidiaries

Name of entity:	Country of incorporation	Ownership interest 2010 %	2009 %
Parent entity			
Engin Limited	Australia		
Subsidiaries			
MIBroadband Pty Limited	Australia	100	100
Innocom Systems Pty Limited [(a)]	Australia	-	100

All entities are members of the tax consolidated group

(a) On 14 October 2009 Innocom Systems Pty Limited, a dormant company in which Engin Limited held 100% of the shares was de-registered.

24. Segment information

Engin Limited operates primarily as a provider of Broadband telephony services within Australia.

25. Related party disclosures

(a) Equity interests in related parties

Equity interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 23 of the financial statements.

Equity interests in Joint venture entities

Engin has no current interests in joint venture entities.

(b) Key management personnel remuneration

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

(c) Other transactions with key management personnel

There were no other transactions with key management personnel.

(d) Transactions with other related parties

Other related parties include:
- the parent entity
- entities with joint control or significant influence over the group
- associates
- joint ventures in which the entity is a venturer
- subsidiaries
- other related parties.

25. Related party disclosures (cont'd)

(e) Transactions involving the ultimate parent entity

During the year ended 30 June 2010 $10,000 (2009: NIL) was paid to a Seven Group Holdings Limited group company in consideration of secretarial services.

(f) Transactions involving other related parties

Engin Limited engaged the services of a Seven Group Holdings Limited group company for printing to the value of $23,923 (2009: $26,494). These transactions were on normal commercial terms and conditions.

Engin Limited entered into a wholesale relationship with a Seven Group Holdings Limited group company. The associated revenues to 30 June 2010 were $14,464 (2009: $Nil)

(g) Parent entities

The ultimate parent entity of Engin Limited is Seven Group Holdings Limited.

The parent entity of Engin Limited is Network Investment Holdings Pty Limited.

26. Subsequent events

There are no subsequent events to report.

27. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2010	2009
	$	$
Cash and cash equivalents	4,643,575	4,250,567

(b) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated	
	2010	2009
	$	$
Loss for the period	(2,411,643)	(6,760,201)
Share of jointly controlled entities' loss (less dividends)	-	-
Depreciation and amortisation of non-current assets	3,247,675	3,806,659
Impairment of assets	-	1,632,219
Interest revenue	(165,806)	(246,016)
Employee equity settled benefits	31,452	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	(118,933)	(10,018)
Current inventories	(59,652)	540,170
Other current assets	37,905	286,394
Increase/(decrease) in liabilities:		
Current payables	(607,072)	(446,343)
Other current liabilities	549,675	(63,990)
Other non-current liabilities	201,965	(5,399)
Net cash from /(used in) operating activities	**705,566**	**(1,266,525)**

28. Financial instruments

(a) 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.

(b) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by limiting the borrowings of the entity to necessary capital expenditure.

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2010:

			Fixed maturity dates					
	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-2 years	2-3 years	3+ years	Non interest bearing	Total
2010								
Financial assets:	%	$	$	$	$	$	$	$
Cash and cash equivalents	4.93	4,643,575	-	-	-	-	-	4,643,575
Trade and other receivables [(a)]	-	-	-	-	-	-	1,371,215	1,371,215
		4,643,575					1,371,215	6,014,790
Financial liabilities:								
Trade and other payables [(a)]	-	-	-	-	-	-	3,598,272	3,598,272
Finance lease liabilities	9.43	-	80,914	67,042	39,300	123,095	-	310,351
Employee benefits [(a)]	-	-	-	-	-	-	379,691	379,691
		-	80,914	67,042	39,300	123,095	3,977,963	4,288,314

			Fixed maturity dates					
	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-2 years	2-3 years	3+ years	Non interest bearing	Total
2009								
Financial assets:	%	$	$	$	$	$	$	$
Cash and cash equivalents	3.40	4,250,567	-	-	-	-	-	4,250,567
Trade and other receivables [(a)]	-	-	-	-	-	-	1,252,280	1,252,280
		4,250,567	-	-	-	-	1,252,280	5,502,847
Financial liabilities:								
Trade and other payables [(a)]	-	-	-	-	-	-	3,649,670	3,649,670
Finance lease liabilities	8.00	-	456,582	-	-	-	-	456,582
Employee benefits [(a)]	-	-	-	-	-	-	326,636	326,636
		-	456,582	-	-	-	3,976,306	4,432,888

(a) Due in less than one year

28. Financial instruments (cont.)

Ageing of receivables past due but not impaired

	Consolidated	
	2010	2009
	$	$
0-30 days	195,397	58,807
31-60 days	74,385	29,882
61-90 days	6,977	-
Total over due receivables not impaired	276,760	88,689

(c) 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 or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. 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 carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(d) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies disclosed in note 1 of the financial statements.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group and company's short, medium and long-term funding and liquidity management requirements. The Group and company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(f) Capital risk management

The Group and company manages its capital to ensure that entities in the Group and company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group and company's overall strategy remains unchanged from 2010.

The capital structure of the Group and company consists of debt, which includes the borrowing disclosed in notes 13 and 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 17,18 and 19 respectively.

Operating cash flows are used to maintain and expand the group's VoIP business, as well as to make routine outflows for repayment of maturing debt.

29. Parent entity disclosures

As at, and throughout the financial year ending 30 June 2010 the parent company of the Group was Engin Limited.

	2010	2009
	$	$
Results of the parent entity		
Profit /(Loss) for the period	(1,700,000)	(15,207)
Other comprehensive income	-	-
Total comprehensive income for the period	(1,700,000)	(15,207)
Financial position of parent entity at year end		
Current assets	10,301,347	11,969,895
Total assets	10,301,347	11,969,895
Current Liabilities	-	-
Total Liabilities	-	-
Total equity of the parent entity comprising of:		
Share Capital	45,064,769	45,064,769
Reserves (Share based payment – options)	31,452	-
Retained earnings	(34,794,874)	(33,094,874)
Total Equity	10,301,347	11,969,895

30. Additional company information

Engin Limited is a listed public company, incorporated and operating in Australia.

Registered office

Level 2, 38-42 Pirrama Road
Pyrmont NSW 2009

Tel: (02) 8777 7777

Principal place of business

Level 3, 28 Rodborough Road
Frenchs Forest NSW 2086

Tel: (02) 8985 5800

Directors' declaration

1 In the opinion of the directors of Engin Limited (the Company):

(a) the consolidated financial statements and notes that are contained in page 15 to 44 and the Remuneration report in the Directors' report, set out on pages 8 to 12, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

3 The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Ian Smith
Chairman

Sydney
18 August 2010

KPMG

Independent auditor's report to the members of engin Limited

Report on the financial report

We have audited the accompanying financial report of the Group comprising engin Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year , which comprises the statement of financial position as at 30 June 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 30 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of engin Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

18 August 2010