EZENET LIMITED

A.B.N. 84 083 646 477

ANNUAL REPORT

30 JUNE 2010

This annual report covers both Ezenet Limited as an individual entity and the consolidated entity comprising Ezenet Limited and its subsidiaries. The consolidated entity's functional and presentation currency is AUD ($).

A description of the consolidated entity's operations and of its principal activities is included in the review of operations and activities in the directors' report.

Directors

W G Martinick (Executive Chairman)

G R O'Dea (Managing Director)

D H Ward (Non-Executive Director)

Joint Company Secretaries

S M O Watson

B D Dickson

Registered Office and Principal Place of Business

Level 1
30 Richardson Street
West Perth WA 6005
Telephone: 08 9481 2555
Fax: 08 9485 1290

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

Hewitt, Turner & Gelevitis
Suite 4, 1st Floor
63 Shepperton Road
Victoria Park WA 6100

Bank

National Australia Bank
Level 1 Gateway Building
177-179 Davy Streets
Booragoon WA 6154

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EZENET LIMITED
DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereunder as the group) consisting of Ezenet Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

DIRECTORS

The names and details of the directors of Ezenet Limited in office during the whole of the financial year and until the date of this report are as follows:

W G Martinick

B.Sc, Ph.D.

(Executive Chairman)

Dr Wolf Martinick was appointed a director and chairman on 13 January 2003. He is an environmental scientist with over 40 years experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

He is a founding director and chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia; the Ezenet Group has about 18.3 million shares in Weatherly. He was also a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003. He is also a director of the ASX listed companies: Sun Resources Limited (appointed 19 February 1996); Uran Limited (appointed 1 November 2006) and Azure Minerals Ltd (appointed 1 September 2007). During the last three years he was also a director of Carbine Resources Limited (resigned 4 November 2008) and Windimurra Vanandium Ltd (resigned 2 October 2009).

G R O'Dea

(Managing Director)

Mr Ross O'Dea was appointed a director on 7 March 2002 and Managing Director on 1 September 2007. He is a former Business Development Manager for The West Australian Newspaper with 35 years media experience in radio, television, press and outdoor advertising. Ross was contracted to the TAB Western Australia as Manager, Media Services, which concluded on 11 June 2004. Mr O'Dea was appointed managing director on 1 September 2007 and is responsible for the overall performance of the Ezenet Group.

Mr O'Dea holds no other directorships in listed companies.

D H Ward

Assoc. Admin., Assoc. Acctg., FTIA, ACA.

(Non-Executive Director)

Mr David Ward was appointed a director on 22 July 2005. After service in the Australian Army, Mr Ward graduated from the WA Institute of Technology in Accounting and Business Administration, and trained as an Auditor and Tax Agent. Having established the "Tax Hut" tax and accounting centres in 1995, he practices in West Perth and participates in organisations providing commercial and social dispute resolution.

Mr Ward has no other directorships in listed companies.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

JOINT COMPANY SECRETARIES

S Watson
LL.B., B.Ec.

Mr Simon Watson was appointed the Company Secretary of Ezenet Limited in April 2003. Mr Watson holds degrees in Law and Economics. He is a Notary Public and practices as a specialist Solicitor in the field of international and national Commercial Law. His legal expertise supplements his role as Secretary and provides an important contribution to the Company.

B D Dickson
BBus, CPA

Mr Brett Dickson was appointed Joint Company Secretary on 1 July 2009. He is a Certified Practising Accountant with a Bachelors degree in Economics and Finance from Curtin University and has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or product, and offers broad financial management skills. He has been Chief Financial Officer for a number of resource companies listed on the ASX. In addition he has had close involvement with the financing and development of a number of greenfield resources projects.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the securities of the company were:

	Number of Ordinary Shares	**Number of Options over Ordinary Shares**
W G Martinick *	29,351,141	-
G R O'Dea	898,425	-
D H Ward **	2,491,364	-

*****Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF the Martinick Superannuation Fund.
******Shares are held by D H Ward and Blackwood Business Services Pty Ltd ATF Ward Superannuation Fund.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' MEETINGS

During the year 10 directors' meetings were held. The number of meetings attended by each director was as follows:

	No. of meetings held while in office	Meetings attended
W G Martinick	10	10
G R O'Dea	10	10
D H Ward	10	10

As at the date of this report, the company did not have audit, remuneration or nomination committees, as the directors believe the size of the company does not warrant their existence.

DIVIDENDS PAID OR PROPOSED

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

CORPORATE INFORMATION

The Financial Statements of Ezenet Limited for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 24 September 2010. The group's functional and presentation currency is AUD ($).

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Principal Activities

The principal activity during the year of the group was investment in the mining and resource sector.

The group's business is conducted from operations located in Australia.

Employees

Other than the Directors the group employed nil people at 30 June 2010 (2009: Nil).

OPERATING AND FINANCIAL REVIEW

Group Overview

Ezenet Limited is a company limited by shares and is incorporated and domiciled in Australia. It has prepared consolidated financial statements incorporating E-Resources Pty Ltd incorporated on 3 April 2007.

At the date of this report the Group is reviewing a number of opportunities for both direct and indirect investment in the resources sector.

Operating Results

The group's revenue was $55,316 and the loss was $754,201 for the financial year.

	2010	**2009**
	$	$
Operating revenue	55,316	3,649,644
Operating profit/(loss)	(754,201)	(2,720,280)

Year in Review

Group

With the sale of Ezestream Pty Ltd effective 30 April 2009 this year's results cannot be compared with the results from the last financial year.

Cash has been conserved during the year and at 30 June 2010 the cash balance stood at $2,428,947 with no liabilities other than trade creditors of $150,157. During the year a provision of $225,167 was made against the recovery of a debt due from the sale of Ezestream Pty Ltd in 2009. Efforts to recover this debt continue.

Investments

At year end the Group holds the following investments:

Investment	**Number of shares held**	**Value at 30 June 2010**
Weatherly International plc	18,281,200	925,956
Island Gas Resources plc	60,000	75,976
Allied Gold Limited	100,000	37,000
Ghazal Minerals Limited	6,000,000	Nil

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the group during the year and to the date of this report.

SIGNIFICANT CHANGES AFTER THE BALANCE DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

LIKELY DEVELOPMENTS

The group will continue to investigate new business opportunities, particularly in the resources sector.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Ezenet Limited against legal costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001* , as permitted by section 199B of the *Corporations Act 2001* .

The total amount of insurance contract premiums paid was $14,930 (2009: $14,800).

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Details of key management personnel

(i) Directors

W G Martinick	Chairman (Executive)
G R O'Dea	Managing Director
D H Ward	Director (Non-Executive)

(ii) Executives

S M O Watson	Joint Company Secretary
B D Dickson	Joint Company Secretary
B A Wiley	General Manager – Ezestream Pty Ltd (to 30 April 2009)

Remuneration philosophy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and market conditions.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Compensation of Directors and Executive Officer

(i) Compensation Policy

The Board of Directors of Ezenet Limited is responsible for determining and reviewing compensation arrangements for the directors and the managing director.

(ii) Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation on non-executive directors shall be determined from time to time by a general meeting.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Structure (Continued)

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executives directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose board they sit.

At the Board meeting on 2 August 2007 it was decided to allow for directors' fees of $25,000 per annum to be paid from 1 December 2007 to Non-Executive Directors.

(iii) Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and

- ensure total compensation is competitive by market standards.

Structure

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

Objective

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested Long Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

Share-based compensation

Options or shares may be issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria, but are issued to the directors and executive of Ezenet Limited to increase goal congruence between executives, directors and shareholders.

There were no options granted to or vesting with key management personnel during the current and previous year.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Structure

Actual payments granted to each Key Management Personnel are determined by the Board who meet periodically to assess the achievements of the company's targets. There are currently no targets established.

Employment contracts

There are no employment contracts in place.

Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and group are as follows:

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2010	**Salaries and fees**	**Non Monetary Benefit[1]**	**Super-annuation**	**Shares**		
	$		$	$	$	
Directors						
W G Martinick	79,118	2,986[1]	39,082	-	121,186	-
G R O'Dea	22,936	2,986[1]	2,064	-	27,986	-
D H Ward	-	2,986[1]	25,000	-	27,986	-
Executive Officer						
S M O Watson	-	2,986[1]	12,500	-	15,486	-
B D Dickson	78,000	2,986[1]	-	-	80,986	-
Total	180,054	14,930	78,646	-	273,630	-

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2009	**Salaries and fees**	**Non Monetary Benefit[1]**	**Super-annuation**	**Shares**		
	$	$	$	$	$	
Directors						
W G Martinick	-	3,700[1]	30,000	-	33,700	-
G R O'Dea	22,936	3,700[1]	2,064	-	28,700	-
D H Ward	-	3,700[1]	25,000	-	28,700	-
Executive Officer						
B A Wiley[2]	165,313	17,291	12,056	-	194,660	-
S M O Watson	-	3,700[1]	25,000	-	28,700	-
B D Dickson	-	-	-	-	-	-
Total	188,249	32,091	94,120	-	314,460	-

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. The salary and superannuation are paid to Mr Wiley as per his employment contract. The Non Monetary Benefit relates to the use of a motor vehicle.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Compensation Options: Granted and Vested during the year.

There were no options granted to or held by directors or named executives during the year (2009: Nil).

Shareholdings of Key Management Personnel

2010	Balance 1 July 09 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 10 Number
Specified Directors					
W G Martinick	16,197,331	-	-	13,153,810	29,351,141
G R O'Dea	898,425	-	-	-	898,425
D H Ward	2,066,424	-	-	424,940	2,491,364
Specified Executives					
S M O Watson	5,124,846	-	-	1,906,212	7,031,058
B D Dickson	-	-	-	1,250,000	1,250,000
Total	24,287,026	-	-	16,734,962	41,021,988

2009	Balance 1 July 08 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 09 Number
Specified Directors					
W G Martinick	14,086,140	-	-	2,111,191	16,197,331
G R O'Dea	898,425	-	-	-	898,425
D H Ward	2,066,424	-	-	-	2,066,424
Specified Executives					
S M O Watson	4,764,846	-	-	360,000	5,124,846
B A Wiley	-	-	-	-	-
Total	21,815,835	-	-	2,471,191	24,287,026

EZENET LIMITED
DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the company support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional Australian Stock Exchange information section of this annual report.

SHARE OPTIONS

At the date of this report, there were no share options outstanding.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Hewitt, Turner & Gelevitis, as presented on page 12 of this Annual Report.

NON AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Hewitt, Turner & Gelevitis.

Signed in accordance with a resolution of the directors

W G Martinick
Director
Perth, 24 September 2010

EZENET LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ezenet Limited, I state that:

1) In the opinion of the directors:

   (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

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

      (ii) complying with Accounting Standards and 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) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

On behalf of the Board

W G Martinick
Director
Perth, 24 September 2010

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100

Telephone: (08) 9362 5855
Facsimile: (08) 9362 5186

Email: htg@htgbdc.com
Website: www.htgbdc.com
ABN: 78 607 011 001

PO Box 199
Victoria Park
Western Australia 6979

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EZENET LIMITED AND ITS CONTROLLED ENTITY

I, declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

i. no contraventions of the auditor's 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.

HEWITT TURNER & GELEVITIS

....
TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Dated in Perth this 24th day of September 2010.

HEWITT TURNER & GELEVITIS

BUSINESS DEVELOPMENT CONSULTANTS

Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA, FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA, NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis is a CPA Practice

CPA

EZENET LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
Continuing operations					
Revenue					
Interest Received	3	55,316	636	55,316	636
Interest on convertible notes		-	(193,915)	-	(193,915)
Depreciation	10	(1,144)	-	(1,144)	-
Reversal for non-recovery of loan		-	-	-	3,341,937
Consultants' fees		(165,229)	(41,966)	(165,229)	(41,966)
Directors' fees		(165,781)	(73,395)	(165,781)	(73,395)
Travel expenses		(143,621)	(13,803)	(143,621)	(13,803)
Other expenses		(121,571)	(370,820)	(121,784)	(259,605)
Impairment loss on available-for-sale investments		-	(2,662,495)	-	(461,502)
Profit/Loss from continuing operations before income tax		(542,030)	(3,355,758)	(542,243)	2,298,387
Income tax credit/(expense)	6	27,270	126,065	15,272	(534,189)
Profit/(Loss) from continuing operations after income tax		(514,760)	(3,229,693)	(526,971)	1,764,198
Discontinued Operations					
Profit/(Loss) from discontinued operations after income tax	5	(239,441)	509,413	(239,441)	(158,342)
Net Loss for the period		(754,201)	(2,720,280)	(766,412)	1,605,856
Other comprehensive income					
Impairment on available-for-sale investments, net of tax		-	(1,527,525)	-	(259,482)
Changes to available-for-sale financial assets, net of tax		308,410	(244,780)	59,724	(51,673)
Total other comprehensive income net of tax		308,410	(1,772,305)	59,724	(311,155)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(445,791)	(4,492,585)	(706,688)	1,294,701
Earnings per share from continuing operations attributable to the ordinary equity holder of the parent					
Basic earnings/(loss) per share (cents)	21	(0.43)	(3.85)		
Diluted earnings/(loss) per share (cents)	21	(0.43)	(3.85)		
Earnings per share for loss attributable to the ordinary equity holder of the parent					
Basic earnings/(loss) per share (cents)	21	(0.63)	(3.24)		
Diluted earnings/(loss) per share (cents)	21	(0.63)	(3.24)		

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 June 2010

	Notes	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
ASSETS					
Current assets					
Cash and cash equivalents	17	2,428,947	1,285,948	2,428,947	1,285,948
Receivables	7	17,866	513,459	17,866	513,459
Other	8	5,711	-	5,711	-
Total current assets		2,452,524	1,799,407	2,452,524	1,799,407
Non-current assets					
Available-for-sale financial assets	9	1,038,932	703,252	166,195	103,022
Investments accounted for using the equity method	13	-	-	-	-
Plant and equipment	10	2,944	3,090	2,944	3,090
Interest in subsidiary	12	-	-	1	1
Deferred Tax Asset	6	-	-	196,606	184,783
Total non-current assets		1,041,877	706,342	365,746	290,896
Total assets		3,494,401	2,505,749	2,818,270	2,090,303
LIABILITIES					
Current liabilities					
Payables	14	150,157	158,620	150,157	158,408
Total current liabilities		150,157	158,620	150,157	158,408
Total liabilities		150,157	158,620	200,015	158,408
Net assets		3,344,244	2,347,129	2,668,113	1,931,895
EQUITY					
Issued capital	15	10,612,254	9,169,348	10,612,254	9,169,348
Reserves	16	1,258,233	949,823	1,202,654	1,142,930
Accumulated losses		(8,526,243)	(7,772,042)	(9,146,795)	(8,380,383)
Total equity		3,344,244	2,347,129	2,668,113	1,931,895

The Statement of Financial Position should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
Cash flows from operating activities					
Receipts from customers		-	3,735,651	-	-
Payments to suppliers and employees		(631,856)	(2,867,785)	(631,856)	(459,466)
Interest received		55,316	10,873	55,316	636
Borrowing costs		-	(240,397)	-	(193,915)
Income taxes paid		-	(8,875)	-	-
Net cash flows from/(used in) operating activities	17	(576,540)	629,467	(576,540)	(652,745)
Cash flows from investing activities					
Payment for property, plant and equipment		(998)	(826,474)	(998)	(3,090)
Payment for investments		-	(60,000)	-	-
Proceeds from subsidiary sale, net of cash sold		252,484	2,790,809	252,484	3,002,105
Loan to related party		(351,453)	-	(351,453)	-
Repayment of loan from related party		376,600	-	376,600	589,951
Net cash flows from investing activities		276,633	1,904,335	276,633	3,588,966
Cash flows from financing activities					
Proceeds from issue of ordinary shares		1,503,059	-	1,503,059	-
Payments for cost of equity raising		(60,153)	-	(60,153)	-
Proceeds from borrowings raised		-	100,548	-	-
Repayment of borrowings:					
Other		-	(136,328)	-	-
Other – Convertible notes repaid		-	(1,710,000)	-	(1,710,000)
Net cash flows from/(used in) financing activities		1,442,906	(1,745,780)	1,442,906	(1,710,000)
Net increase/(decrease) in cash and cash equivalents		1,142,999	788,022	1,142,999	1,226,221
Cash and cash equivalents at the beginning of the financial year		1,285,948	497,926	1,285,948	59,727
Cash and cash equivalents at the end of the financial year	17	2,428,947	1,285,948	2,428,947	1,285,948

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2010

	CONSOLIDATED					
	Ordinary shares	**Convertible notes Reserve**	**Available for sale Assets Reserve**	**Share option reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At 1 July 2008	9,169,348	136,403	1,527,525	1,058,200	(5,051,762)	6,839,714
Loss for the period	-	-	-	-	(2,720,280)	(2,720,280)
Other Comprehensive income	-	-	(1,772,305)	-	-	(1,772,305)
Total comprehensive loss for the period	-	-	(1,772,305)	-	(2,720,280)	(4,492,585)
Transactions with owners in their capacity as owners						
Shares issued during the period	-	-	-	-	-	-
Transaction Costs	-	-	-		-	-
At 30 June 2009	9,169,348	136,403	(244,780)	1,058,200	(7,772,042)	2,347,129

	CONSOLIDATED					
	Ordinary shares	**Convertible notes Reserve**	**Available for sale Assets Reserve**	**Share option reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At 1 July 2009	9,169,348	136,403	(244,780)	1,058,200	(7,772,042)	2,347,129
Loss for the period	-	-	-	-	(754,201)	(754,201)
Other Comprehensive income	-	-	308,410	-	-	308,410
Total comprehensive loss for the period	-	-	308,410	-	(754,201)	(445,791)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,503,059	-	-	-	-	1,503,059
Transaction Costs	(60,153)	-	-	-	-	(60,153)
At 30 June 2010	10,612,254	136,403	63,630	1,058,200	(8,526,243)	3,344,244

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2010

	PARENT					
	Ordinary shares	**Convertible notes Reserve**	**Available for sale Assets Reserve**	**Share option reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At 1 July 2008	9,169,348	136,403	259,482	1,058,200	(9,986,239)	637,194
Loss for the period	-	-	-	-	1,605,856	1,605,856
Other Comprehensive income	-	-	(311,155)	-	-	(311,155)
Total comprehensive loss for the period	-	-	(311,155)	-	1,605,856	1,294,701
Transactions with owners in their capacity as owners						
Shares issued during the period	-	-	-	-	-	-
Transaction Costs	-	-	-	-	-	-
At 30 June 2009	9,169,348	136,403	(51,673)	1,058,200	(8,380,383)	1,931,895

	PARENT					
	Ordinary shares	**Convertible notes Reserve**	**Available for sale Assets Reserve**	**Share option reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
At 1 July 2009	9,169,348	136,403	(51,673)	1,058,200	(8,380,383)	1,931,895
Loss for the period	-	-	-	-	(766,412)	(766,412)
Other Comprehensive income	-	-	59,724	-	-	59,724
Total comprehensive loss for the period	-	-	59,724	-	(766,412)	(706,688)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,503,059	-	-	-	-	1,503,059
Transaction Costs	(60,153)	-	-	-	-	(60,153)
At 30 June 2010	10,612,254	136,403	8,051	1,058,200	(9,146,795)	2,668,113

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The Financial report of Ezenet Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 24 September 2010. The consolidated entity's functional and presentation currency is AUD ($).

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial report is a general-purpose Financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial report has also been prepared on an accruals basis and is based on historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value.

Australian Accounting Standards set out accounting policies that the AASB has concluded that would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial reports and notes also comply with International Financial Reporting Standards.

(b) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2010. These are outlined below.

Reference	Title	Summary	Application date of standard	Impact on Group Financial statements	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project [AASB 5, 8, 101, 107, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that expenditure that results in a recognised assets can be classified as a cash flow from investing activities. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	Apart from the various changes to the way financial statements are presented and various changes to names of individual financial statements There will be no impact on the financial statements when this revised standard is adopted for the first time.	1 July 2010

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New Accounting Standards for Application in Future Periods (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2013

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New Accounting Standards for Application in Future Periods (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	There will be no impact on the financial statements when this revised standard is adopted for the first time	1 July 2010

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Ezenet Limited and any subsidiary it controlled during the year (the Group).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The investments in subsidiaries is carried at cost, less any impairment losses.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are described in Note 7 - Impairment of trade debtors, Note 9 – Impairment of available for sale financial assets and Note 12 - Impairment of loans to subsidiaries.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised as the services are provided.

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer.

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the entity's right to receive the payment is established.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

(j) Foreign currency translation

Both the functional and presentation currency of Ezenet Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

All resulting exchange differences in the consolidated Financial statements are taken to the income statement.

(k) Inventory

Inventory including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw Materials – purchase cost on in, average cost out basis. The cost of purchase comprises the purchase price including the transfer from equity of gains and losses on qualifying cash flow hedges of purchases of raw materials, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs or completion and the estimated costs necessary to make the sale.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income tax (continued)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Ezenet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Ezenet Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

- Office equipment and fittings - 2.5 to 5.0 years
- Equipment installed in hotels - 4.0 to 5.0 years

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evalulates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(p) Impairment of financial assets

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument’s fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Intangible Assets

Acquired both separately and from a business combination
Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the ‘other operating expenses’ line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

A summary of the policies applied to the Groups intangible assets is a follows:

Film Library	**Guest video customer base**
Useful life	*Useful life*
4 years (2009: 4 years)	1 year (2009: 1 year)
Amortisation method used	*Amortisation method used*
Straight-line (2009: straight line)	Straight-line (2009: straight line)
Internally generated or acquired	
Acquired	

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Intangible Assets (continued)

Impairment testing

Intangible assets are tested for impairment where an indicator of impairment exists either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(r) Impairment of non financial assets

At each End of the reporting period, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

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.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised**.**

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Share-based payment transactions

The Group provides benefits to directors, employees and consultants of the Group (with shareholders' approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ezenet Limited ('market conditions').

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Share-based payment transactions (continued)

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

The cumulative expense recognised for equity-settled transactions at each End of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

(w) Employee leave benefits

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the End of the reporting period are recognised in other payables in respect of employees' services up to the End of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the End of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the End of the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the company does not have authorised capital nor par value in respect of its issued capital.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares:

- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale that represents a separate major line of business. The results of discontinued operations are presented separately in the income statement.

(aa) Associates

Associates are entities over which the Group has significant influence but not control or joint control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the parent entity in the financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 13).

The group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying value of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure constancy with the policies adopted by the Group.

(ab) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(ac) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Ezenet Limited.

AASB 3: Business Combinations
In March 2003 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combinations arising from 1 July 2009 have changed. This had no significant impact on the Group's financial statements.

AASB 8: Operating Segments
In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. This had no significant impact on the Groups' financial statements.

AASB 101: Presentation of Financial Statements
In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure Impact
Terminology changes – the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – the revised ASSB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented in the statement of equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

EZENET LIMITED
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Adoption of New and Revised Accounting Standards (continued)

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB required only the presentation of a single income statement.

The Groups financial statements now contain a single statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

	Note	CONSOLIDATED		EZENET LIMITED	
		2010	2009	2010	2009
		$	$	$	$
3. REVENUE					
From continuing operations					
Interest received		55,316	636	55,316	636
From discontinued operation	5				
Revenue from services rendered		-	3,638,771	-	-
Sale of goods		-	-	-	-
Interest received		-	10,237	-	-
		-	3,649,008	-	-
4. EXPENSES AND LOSSES					
Profit/(loss) before income tax includes the following specific expenses					
Depreciation on equipment and fittings		1,144	803,700	1,144	-
Amortisation of film library		-	45,441	-	-
(Reversal)/Provision for non recovery of loan		-	-	-	(3,341,937)
Impairment of available-for-sale financial assets		-	2,662,495	-	461,502
Salaries & wages expenses		-	756,255	-	-
Operating lease rentals		4,800	64,026	4,800	-
Defined contribution superannuation plan expense		14,919	64,106	14,919	-
Provision for employee entitlements		-	12,366	-	-
Directors' benefit expense		165,781	95,361	165,781	165,933
Bad debts written off		-	12,685	-	-
Net gain on sale of available-for-sale financial assets		-	6,000	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

NOTE 5. DISCONTINUED OPERATIONS

(a) Description

On 30 April 2009 Ezenet Limited disposed of its operations segment by the sale of subsidiary Ezestream Pty Limited, which supplied digital movies to the hospitality, mining camps and health care clients.

Financial information relating to the discontinued operations for the period to date of disposal is set out below. Further information is set out in note 19 – Segment Information.

(b) Financial performance and cash flow information

	CONSOLIDATED	
	2010	**2009**
	$	**$**
Revenue (note 3)	-	3,649,008
Cost of sales	-	(1,197,260)
Gross Profit	-	2,451,748
Other expenses		
Marketing Expenses	-	(275,342)
Occupancy Expenses	-	(65,511)
Administrative Expenses	-	(243,426)
Other Operating Expenses	-	(1,594,973)
Finance	-	(46,482)
Profit before income tax	-	226,014
Income tax credit/(expense)	-	3,364
Profit after income tax of discontinued operation	-	229,378
Impairment on retention monies held	(225,167)	-
Gain/(Loss) on the sale of the division before income tax	(14,274)	280,035
Income tax expense	-	-
Gain/(Loss) on the sale of the division after income tax	(239,441)	280,035
Profit/(Loss) from discontinued operation	(239,484)	509,413
Net cash inflow from operating activities	-	629,467
Net cash inflow/(outflow) from investing activities	252,484	1,964,335
Net cash inflow/(outflow) from financing activities	-	(1,745,780)
Net cash increase generated by the division	252,484	848,022

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

NOTE 5. DISCONTINUED OPERATIONS (continued)

(c) Details of the sale of division

	CONSOLIDATED		EZENET LIMITED	
	2010	2009	2010	2009
	$	$	$	$
Consideration received or receivable				
Cash	-	3,002,105	-	-
Fair value of contingent consideration	-	446,317	-	-
Other receivable		53,386		
Total disposal consideration	-	3,501,808	-	-
Carrying amount of net assets sold	-	(3,221,773)	-	-
Gain on sale before income tax	-	280,035	-	-
Income tax expense	-	-	-	-
Gain on sale after income tax	-	280,035	-	-

The carrying amounts of assets and liabilities at the date of sale (30 April 2009) were:

	30 April 2009
	$
Cash	211,297
Trade Receivables	532,294
Other debtors	40,566
Inventory	129,166
Property, plant and equipment	2,912,993
Intangible assets	110,296
Other	26,236
Total assets	3,962,848
Trade creditors	276,427
Provision for employee benefits	102,919
Interest-bearing liabilities	361,729
Total liabilities	741,075
Net assets	3,221,773

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

6. INCOME TAX

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
The major components of income tax expense are:				
Income Statement				
Deferred income tax benefit/(expense)	27,270	129,429	15,272	(534,189)
Income tax benefit/(expense) reported in the income statement	27,270	129,429	15,272	(534,189)
Comprising:				
Income tax benefit/(expense) attributable to continuing operations	27,270	126,065	15,272	(534,189)
Income tax benefit/(expense) attributable to discontinued operations	-	3,364	-	-
	27,270	129,429	15,272	(534,189)
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Unrealised gain on available-for-sale investments	(27,270)	654,632	(3,449)	111,185
Income tax (expense)/benefit reported in equity	(27,270)	654,632	(3,449)	111,185
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before income tax	(781,471)	(2,849,706)	(781,684)	(1,071,667)
At the Group's statutory income tax rate				
- Australia	(234,441)	(854,912)	(234,505)	(321,500)
- New Zealand	-	(3,364)	-	-
Adjustments in respect of current income tax of previous years	18,585	99,650	18,585	99,650
Expenditure not allowable for income tax purposes	725	762	725	114
Tax losses (recognised)/not brought to account	187,861	628,435	199,923	755,925
	(27,270)	(129,429)	(15,272)	534,189
Income tax (benefit)/ expense reported in the consolidated income statement	(27,270)	(129,429)	(15,272)	534,189

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

6. INCOME TAX (Continued)

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Available-for-sale investments	278,564	215,689	49,858	30,906
Total deferred tax liabilities	278,564	215,689	49,858	30,906
Deferred tax assets				
Provision for impairment	67,550	-	67,550	-
Accrued expenses	5,250	-	5,250	-
Available-for-sale investments	32,100	-	-	-
Tax losses recognised	173,664	215,689	173,664	215,689
Total deferred tax assets	278,564	215,689	246,464	215,689
Net deferred tax liabilities/(asset)	-	-	(196,606)	(184,783)

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of $6,780,638 (2009: $5,575,552) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses 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 or the benefit can be utilised by the Company provided that :

- (i) the provisions of deductibility imposed by law are complied with;
- (ii) the group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
- (iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

Tax Consolidation

Ezenet Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Ezenet Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7. RECEIVABLES (Current)

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
Trade receivables	17,866	13,756	17,866	13,756
Other receivables	225,167	499,703	225,167	499,703
Less: Provision for impairment loss (a)	(225,167)	-	(225,167)	-
	17,866	513,459	17,866	513,459

(a) Provision for impairment loss
Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is made when there is objective evidence that a trade receivable is impaired. Other debtors includes an amount of $225,167 held as retention monies by from Movielink Pty Ltd, the purchaser of Ezestream Pty Ltd. Movielink Pty Ltd has made a number of claims against Ezenet Ltd in regards to the loss of a contract to supply its services and other contractual issues which Ezenet has refuted. Notwithstanding Ezenet's denial of the claim a provision for the full amount of the debt due from Movielink Pty Ltd has been made.

An impairment of $225,167 (2009: Nil) has been recognised by the Group in the current year - this amount has been included in the results of discontinued operations.

Movements in the provision for impairment loss were as follows:

As at 1 July	-	3,424	-	-
Charge for the year	(225,167)	-	-	-
Amounts written off	-	(3,424)	-	-
As at 30 June	(225,167)	-	-	-

As at 30 June, the ageing analysis of trade receivables is as follows:

		Total	0-30 days	31-60 days Other	31-60 days PDNI*	61-90 days PDNI*	91+ days PDNI*	91+days CI*
30 June 2010	Consolidated	243,033	17,866	-	-	-	-	225,167
	Parent	243,033	17,866	-	-	-	-	225,167
30 June 2009	Consolidated	513,459	13,756	499,703	-	-	-	-
	Parent	513,459	13,756	499,703	-	-	-	-

* Past due not impaired ('PDNI')
Considered impaired ('CI')

Receivables past due but are not considered impaired are: Consolidated $Nil (2009: $Nil), Parent $Nil (2009: $Nil).full.

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in note 25.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 25.

8. OTHER (Current)

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
Prepayments	5,711	-	5,711	-
	5,711	-	5,711	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED		EZENET LIMITED	
	2010	2009	2010	2009
	$	$	$	$
Listed shares at fair value (a)				
Weatherly International plc	925,960	573,984	166,195	103,022
Allied Gold Limited	37,000	40,000	-	-
Island Gas plc	75,973	89,268	-	-
	1,038,933	703,252	166,195	103,022

(a) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. Allied Gold Limited is listed on the Australian Stock Exchange. Weatherly International plc and Island Gas plc are listed on the London Alternative Investment Market. Fair value has been determined directly by reference to published quotations on active markets.

At Cost	3,545,606	3,545,606	616,211	616,211
Impairment	(2,597,574)	(2,597,574)	(461,502)	(461,502)
Fair value adjustment to reserve	90,901	(244,780)	11,486	(51,687)
Fair value at 30 June	1,038,933	703,252	166,195	103,022

10. PLANT AND EQUIPMENT

	CONSOLIDATED				EZENET LIMITED	
	Office equipment and fittings	Motor Vehicles	Plant and equipment	Total	Office, Plant and equipment	Total
	$	$	$	$	$	$
Year ended 30 June 2010						
At 1 July 2009, net of accumulated depreciation and impairment	3,090	-	-	3,090	3,090	3,090
Additions	998	-	-	998	998	998
Sale	-	-	-	-	-	-
Depreciation expense for the year	(1,144)	-	-	(1,144)	(1,144)	(1,144)
At 30 June 2010, net of accumulated depreciation and impairment	2,944	-	-	2,944	2,944	2,944
At 30 June 2010						
Cost	4,088	-	-	4,088	4,088	4,088
Accumulated depreciation and impairment	(1,144)	-	-	(1,144)	(1,144)	(1,144)
Net carrying amount	2,944	-	-	2,944	2,944	2,944

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

10. PLANT AND EQUIPMENT (continued)

	CONSOLIDATED				EZENET LIMITED	
	Office equipment and fittings $	Motor Vehicles $	Plant and equipment $	Total $	Office, Plant and equipment $	Total $
Year ended 30 June 2009						
At 1 July 2008, net of accumulated depreciation and impairment	29,980	33,557	2,882,610	2,946,147	-	-
Additions	6,178	-	767,458	773,636	3,090	3,090
Sale	(23,286)	(22,378)	(2,867,329)	(2,912,993)	-	-
Depreciation expense for the year	(9,782)	(11,179)	(782,739)	(803,700)	-	-
At 30 June 2009, net of accumulated depreciation and impairment	3,090	-	-	3,090	3,090	3,090
At 30 June 2009						
Cost	3,090	-	-	3,090	3,090	3,090
Accumulated depreciation and impairment	-	-	-	-	-	-
Net carrying amount	3,090	-	-	3,090	3,090	3,090

11. INTANGIBLE ASSET

	CONSOLIDATED			EZENET LIMITED
	Guest Video $	Digital film library $	Total $	Total $
Year ended 30 June 2010				
At 1 July 2009, net of amortisation	-	-	-	-
Additions	-	-	-	
Sale	-	-	-	-
Amortisation expense for the year	-	-	-	-
At 30 June 2010, net of amortisation	-	-	-	-
At 30 June 2010				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	-	-	-	-

	Guest Video $	Digital film library $	Total $	Total $
Year ended 30 June 2009				
At 1 July 2008, net of amortisation	-	102,899	102,899	-
Additions	-	52,838	52,838	
Sale	-	(110,296)	(110,296)	-
Amortisation expense for the year	-	(45,441)	(45,441)	-
At 30 June 2009, net of amortisation	-	-	-	-
At 30 June 2009				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Net carrying amount	-	-	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. INTEREST IN SUBSIDIARY (Non current)	**Country of Incorporation**	**% equity held by consolidated entity**		**EZENET LIMITED Investment 2010 $**	**Investment 2009 $**
		2010	2009		
Ezestream Pty Ltd (i)	Australia	-	-		
				-	-
		2010	2009		
E-Resources Pty Ltd	Australia	100	100		
				1	1
				1	1

	2010 $	2009 $
Receivables from subsidiary (non current)		
Loan to subsidiary	2,260,504	2,260,504
Provision for non recovery of loan (ii)	(2,260,504)	(2,260,504)
	-	-

Movements in the provision for non recovery of loan were as follows:

	2010 $	2009 $
As at 1 July	2,260,504	5,602,441
Charge for the year	-	-
Write back	-	(3,341,937)
As at 30 June	2,260,504	2,260,504

The loan to subsidiary is unsecured, interest free and is repayable on demand.
Management has no intention to demand repayment of the loan within the next twelve months.
(i) Refer to Note 5 for details on sale of subsidiary in 2009.
(ii) Provision for impairment was made in prior years as subsidiary had incurred losses in the past.

(a) Credit risk
The maximum exposure to credit risk at the end of the reporting period is the higher of the carrying value and fair value of each class or receivables. No collateral is held as security.

13. INVESTMENT IN ASSOCIATE

	Consolidated 2010 $	**2009 $**
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	105,000
New equity investment	-	-
Share of profits after income tax	-	(105,000)
Dividends received/receivable	-	-
Carrying amount at the end of the financial year	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

13. INVESTMENT IN ASSOCIATE (continued)

(b) Summarised financial information of associate

The Group's share of the results of its associate and its aggregated assets (including goodwill) and liabilities are as follows

	Ownership Interest %	Assets $	Liabilities $	Revenues $	Profit/(Loss) $
2010					
Ghazal Minerals Limited	23	-	-	-	-
2009					
Ghazal Minerals Limited	23	-	-	-	(105,000)

Ghazal Minerals Limited ("Ghazal") is incorporated in Australia. Its principal activity is the exploration for uranium in the country of Mauritania.

Ezenet has reached agreement with the shareholders of Ghazal to increase its stake in Ghazal from 23% to 100%. The agreement is subject to the parties entering into a formal agreement, Ezenet shareholder and any other necessary regulatory approvals and will involve Ezenet acquiring all of the outstanding shares and options on issue in Ghazal (apart from those already held by Ezenet) on the basis on 0.697 Ezenet share for each Ghazal share and 0.00465 Ezenet share for each Ghazal option. This will result in the issue of approximately 13,795,288 Ezenet shares.

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	EZENET LIMITED 2010 $	EZENET LIMITED 2009 $
14. PAYABLES (Current)				
Trade creditors and accruals	150,157	158,620	150,157	158,408

(a) Fair values

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk.

Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in note 25.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. CONTRIBUTED EQUITY

	EZENET LIMITED	
	2010	**2009**
	$	**$**
(a) Issued and paid up capital		
Fully paid	11,076,643	9,573,586
Less: capital raising costs	(464,389)	(404,238)
	10,612,254	9,169,348

Effective 1 July 1998, the Corporations Legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital or par value in respect of its shares.

(b) Movements in ordinary share capital

	2010		2009	
	Number of shares	$	Number of shares	$
Beginning of the financial year	83,989,367	9,169,348	83,989,367	9,169,348
Issued during the year				
15 Oct 2009 Placement at $0.025 for working capital	12,500,001	312,500	-	-
25 Nov 2009 Rights Issue at $0.25 for working capital	24,122,342	603,059	-	-
8 Dec 2009 Placement at $0.025 for working capital	23,500,000	587,500	-	-
Cost of share issues	-	(60,153)	-	-
End of the financial year	144,111,710	10,612,254	83,989,367	9,169,348

(c) Share Options

At the end of the financial year there were no unissued ordinary shares (2009: Nil).

(d) Staff shares issued

There were no shares issued to staff during the year (2009: Nil).

(e) Terms and conditions of contributed equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Share options
There are no outstanding options at 30 June 2010.

(f) Capital Management
When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. RESERVES

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Accumulated Losses				
Balance at beginning of year	(7,772,042)	(5,051,762)	(8,380,383)	(9,986,239)
Profit/(Loss) for the year	(754,201)	(2,720,280)	(766,412)	1,605,856
Balance at end of year	(8,526,243)	(7,772,042)	(9,146,795)	(8,380,383)
Share Option Reserve				
Balance at beginning of year	1,058,200	1,058,200	1,058,200	1,058,200
Movement during the year – share options expensed during the year	-	-	-	-
Balance at end of year	1,058,200	1,058,200	1,058,200	1,058,200
Convertible Note Equity Reserve				
Balance at beginning of year	136,403	136,403	136,403	136,403
Movement during the year, net of tax	-	-	-	-
Balance at end of year	136,403	136,403	136,403	136,403
Available-for-sale Assets Reserve				
Balance at beginning of year	(244,780)	1,527,525	(51,673)	259,482
Revaluation – gross	335,680	(244,780)	63,173	(51,673)
Impairment transfers to net profit– gross	-	(2,182,157)	-	(370,667)
Deferred tax (note 6)	(27,270)	654,632	(3,449)	111,185
Balance at end of year	63,630	(244,780)	8,051	(51,673)

Nature and purpose of reserves

Share option reserve

This reserve records the value of options issued to directors, employees and associates as part of their remuneration.

Convertible note equity reserve

This reserve records the equity portion attributable to the convertible notes at the time of issue.

Available-for-sale asset reserve

This reserve records fair value changes on available-for-sale investments. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF CASH FLOWS

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	(754,201)	(2,720,280)	(766,412)	1,605,856
Depreciation of plant and equipment	1,144	803,700	1,144	-
Amortisation of Film Library	-	45,441	-	-
Impairment	-	2,767,495	-	461,502
Taxation	(27,270)	(129,429)	(15,272)	534,189
(Profit)/loss on sale of subsidiary	14,274	(280,035)	14,274	158,342
Impairment of debt	225,167	-	225,167	-
(Reversal)/Provision for non-recovery of loan	-	-	-	(3,341,937)
Profit on sale of available-for-sale financial assets	-	6,000	-	-
Changes in assets and liabilities				
Trade receivables	3,668	155,248	3,668	(12,836)
Other receivables	-	(9,760)	-	-
Prepayments	-	(20,616)	-	-
Inventory	-	91,874	-	-
Trade and other creditors	(39,322)	(92,536)	(39,109)	(57,861)
Employee entitlements		12,365		-
Net cash flows used in operating activities	(576,540)	629,467	(576,540)	(652,745)

(a) Reconciliation of cash

Cash balance comprises:				
Cash at bank	2,398,947	1,285,948	2,398,947	1,285,948
Short term deposit	30,000	-	30,000	-
Closing cash balance	2,428,947	1,285,948	2,428,947	1,285,948

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short tem deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

At 30 June 2010, the Group had a borrowing facility of $30,000 (2009: Nil). The short term deposit is provided as security for the facility. This facility is unutilised at 30 June 2010.

The fair value of cash and cash equivalents is $2,428,947 (2009: $1,285,498).

The effective interest rate on cash at bank was 3% (2009: 1.2%).

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

18. EXPENDITURE COMMITMENTS

The Company has reached agreement with the shareholders of Ghazal Minerals Limited ("Ghazal"), to increase its stake in Ghazal from 23% to 100%. The agreement with Ghazal shareholders is subject to the parties entering into a formal agreement, Ezenet shareholder and any other necessary regulatory approvals and will involve the Company acquiring all of the outstanding shares and options on issue in Ghazal (apart from those already held by Ezenet) on the basis on 0.697 Ezenet Limited share for each Ghazal share and 0.00465 Ezenet Limited share for each Ghazal option. This will result in the issue of approximately 13,795,288 Ezenet Limited shares.

In addition, in order to protect the Company's investment in Ghazal and to ensure that it continues as a going concern Ezenet Limited has agreed, if required, to provide funding for Ghazal's administrative expenses to 31 December 2011 up to a maximum amount of $50,000.

19. SEGMENT INFORMATION

The Group does not have operating activities and is only currently involved in investing in the minerals sector. Operating segments are identified by management based on the manner in which resources are allocated and the nature of the resources provided. Discrete financial information about each of these areas is reported to the Board of Directors as the chief operating decision maker.

Based on this criteria, management has determined that the company has one operating segment being investing activities in the mineral resource sector. As the company is focused on investments in the mineral sector, the Board monitors the company based on the value of particular investments. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing investing activities, while also taking into consideration the results of investing activities that had been undertaken by the investee companies.

In prior years the Group had an additional reportable segment, namely the operational segment. This was disposed of effective 30 April 2009 and has been classified as a discontinued operation in the comparative period. The operational segment generated revenue from the supply of digital movies to hospitality, mining camps and health care clients.

Basis of Accounting for purposes of reporting the operating segments

Accounting policies adopted
All amounts reported to the Board of Directors, as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

	CONSOLIDATED		EZENET LIMITED	
	2010	2009	2010	2009
	$	$	$	$
Interest Revenue	55,316	636	55,316	636
Reportable segment profit/(loss)	(514,760)	(3,229,693)	(526,971)	1,764,198
Reconciliation of reportable segment loss				
Reportable segment loss	(514,760)	(3,229,693)	(526,971)	1,764,198
Profit/(Loss) from discontinued Operations	(239,441)	509,413	(239,441)	(158,342)
Loss after tax	(754,201)	(2,720,280)	(766,412)	1,605,856
Reportable segment assets	3,494,401	2,505,749	2,818,270	2,090,303
Reportable segment liabilities	150,157	158,620	150,157	158,408

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

20. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

21. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary Owners of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary Owners of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income / (loss) and share data used in the calculations of basic and diluted earnings per share:

	2010 cents	2009 cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary Owners of the company	(0.43)	(3.85)
From discontinued operation	(0.20)	0.61
Total basic earnings per share attributable to the ordinary Owners of the company	(0.63)	(3.24)

	2010 $	2009 $
(b) Reconciliations of earnings used in calculating earnings per share		
Loss attributable to the ordinary Owners of the company used in calculating basic earnings per share		
From continuing operations	(514,760)	(3,229,693)
From discontinued operation	(239,441)	509,413
	(754,201)	(2,720,280)
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	120,465,177	83,989,367

22. AUDITOR'S REMUNERATION

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
Amounts received or due and receivable by Hewitt, Turner & Gelevitis for:				
- an audit or review of the Financial statements	28,362	38,488	28,632	38,488
- other services	-	-	-	-
	28,632	38,488	28,632	38,488

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

23. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel:

(i) Directors

W G Martinick	Chairman (executive)
G R O'Dea	Managing Director
D H Ward	Director (non-executive)

(ii) Executives

S M O Watson	Joint Company Secretary
B D Dickson	Joint Company Secretary
B A Wiley	General Manager – Ezestream Pty Ltd (to 30 April 2009)

There were no other specified executives during the year.

(b) Employment contracts

At 30 June 2010 there were no employment contracts.

Mr B Wiley was employed under contract. The employment contract commenced 6 August 2007. This contract entitled Mr Wiley to an annual fixed amount of $137,615 and $12,385 in superannuation. On termination, Mr Wiley was entitled to three months' salary in lieu of notice. With the sale of Ezestream Pty Ltd Mr Wiley's contract was terminated effective 30 April 2009.

(c) Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and consolidated entity are as follows:

2010	**Short term**		**Post employment**	**Share based payments[3]**	**Total**	**Total performance related**
30 June 2010	**Salaries and fees**	**Non Monetary Benefit[1]**	**Super-annuation**	**Shares**		
	$	$	$	$	$	
Directors						
W G Martinick	79,118	2,986[1]	39,082	-	121,186	-
G R O'Dea	22,936	2,986[1]	2,064	-	27,986	-
D H Ward	-	2,986[1]	25,000	-	27,986	-
Executive Officer						
S M O Watson	-	2,986[1]	12,500	-	15,486	-
B D Dickson	78,000	2,986[1]	-	-	80,986	-
Total	180,054	14,930	78,646	-	273,630	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

23. KEY MANAGEMENT PERSONNEL (continued)

(c) Compensation of Key Management Personnel (Consolidated and Parent) (Continued)

	Short term		Post employment	Share based payments[3]	Total	Total performance related
30 June 2009	**Salaries and fees**	**Non Monetary Benefit[1]**	**Super-annuation**	**Shares**		
	$		$	$	$	
Directors						
W G Martinick	-	3,700[1]	30,000	-	33,700	-
G R O'Dea	22,936	3,700[1]	2,064	-	28,700	-
D H Ward	-	3,700[1]	25,000	-	28,700	-
Executive Officer						
B A Wiley[2]	165,313	17,291	12,056	-	194,660	-
S M O Watson	-	3,700[1]	25,000	-	28,700	-
Total	188,249	32,091	94,120	-	314,460	-

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance
2. The salary and superannuation are paid to Mr Wiley as per his employment contract. The Non Monetary Benefit relates to the use of a motor vehicle.
3. No shares were issued as compensation during the year ended 30 June 2010 (2009: Nil).

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options.

(e) Option holdings of Key Management Personnel

There were no options over unissued ordinary shares outstanding as at 30 June 2010 or at 30 June 2009.

(f) Shareholdings of Key Management Personnel

2010	Balance 1 July 09 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 10 Number
Specified Directors					
W G Martinick	16,197,331	-	-	13,153,810	29,351,141
Held by spouse and children of WG Martinick	208,916	-	-	100,000	308,916
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,066,424	-	-	424,940	2,491,364
Specified Executives					
S M O Watson	5,124,846	-	-	1,906,212	7,031,058
B D Dickson	-	-	-	1,250,000	1,250,000
Total	26,727,780	-	-	16,834,962	43,562,742

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

23. KEY MANAGEMENT PERSONNEL (Continued)

(f) Shareholdings of Key Management Personnel (Continued)

2009	Balance 1 July 08 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 09 Number
Specified Directors					
W G Martinick	14,086,140	-	-	2,111,191	16,197,331
Held by spouse and children of WG Martinick	208,916	-	-	-	208,916
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,066,424	-	-	-	2,066,424
Specified Executives					
S M O Watson	4,764,846	-	-	360,000	5,124,846
Total	24,256,589	-	-	2,471,191	26,727,780

(g) Loans to/from Key Management Personnel

There were no loans outstanding to or from Key Management Personnel during the year ended 30 June 2010 (2009: Nil), however Key Management Personnel held convertible notes issued by the company which were repaid in full during the 2009 year. Details of those convertible notes are set out below

Key Management	Convertible Note Principal Amount	Interest Paid	Weighted Average Interest Rate	Convertible Note Repayment Date
* W G Martinick 2009	$1,150,000	$137,055	12.9%	2 June 2009
** G R O'Dea 2009	$400,000	$47,671	12.9%	2 June 2009
*** S M Watson 2009	$60,000	$7,151	12.9%	2 June 2009

Interest rate payable on the convertible notes was 12% pa until 31 December 2009, thereafter 14% pa until repayment.

***Held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.**
**Held by Mr O'Dea and Ms M A Kelly a party personally related to Mr O'Dea
***Held by Kings Park Nominees Pty Ltd.

(h) Other transactions and balances with Key Management Personnel

Services

Professional services, relating to accounting and taxation advice, of $16,100 (2009: $44,090) were provided by Young & Wilkinson, a partnership associated with D H Ward on normal commercial terms and conditions.

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statement of Ezenet Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest 2010 %	Equity interest 2009 %	Investment 2010 $	Investment 2009 $
Ezestream Pty Ltd	Australia	-	-	-	-
E-Resources Pty Ltd	Australia	100	100	1	1
				1	1

Ezestream Pty Ltd was sold effective 30 April 2009 and the results of Ezestream Pty Ltd are included to the date of sale in the consolidated results. Refer to note 5 for details of sale.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

24. RELATED PARTY DISCLOSURE (continued)

(b) Ultimate parent

Ezenet Limited is the ultimate parent entity.

(c) Associate

Refer to note 13 for details of associate.

(d) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 23.

(e) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Sales to related parties	Purchases from related parties	Related party balances
PARENT				
Intercompany loan to E-Resources Pty Ltd	2010	-	-	2,260,504
Intercompany loan to E-Resources Pty Ltd	2009	-	-	2,260,504
Provision for non-recovery of loans	2010	-	-	(2,260,504)
Provision for non-recovery of loans	2009	-	-	(2,260,504)
Total	2010	-	-	-
	2009	-	-	-

Loans provided to the subsidiaries are interest free, unsecured and repayable on demand.

Michelle Kelly, a party personally related to G R O'Dea, was paid $20,442 for services provided to the Company during 2009.

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments comprise receivables, payables, finance leases, available for sale investments and cash.

The Group's main risks arising from the financial instruments are:

(i) interest rate risk,
(ii) liquidity risk,
(iii) credit risk
(iv) price risk and
(v) foreign currency risk.

Risk Exposures and Responses

(i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

25. FINANCIAL INSTRUMENTS (continued)

Risk Exposures and Responses (continued)

(i) Interest Rate Risk (continued)

At balance date, the Group had the following financial assets exposed to Australian Variable interest rate risk:

	CONSOLIDATED		EZENET LIMITED	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Financial assets				
Cash at bank	2,428,947	1,285,948	2,428,947	1,285,948

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Post tax profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
CONSOLIDATED				
+1% (100 basis points)	24,289	12,859	24,289	12,859
-1% (100 basis points)	(24,289)	(12,859)	(24,289)	(12,859)
EZENET LIMITED				
+1% (100 basis points)	24,289	12,859	24,289	12,859
-1% (100 basis points)	(24,289)	(12,859)	(24,289)	(12,859)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Undiscounted cash flows of financial liabilities are presented.

The Group has no derivative financial instruments.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

25. FINANCIAL INSTRUMENTS (Continued)

(ii) Liquidity Risk (continued)

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		EZENET LIMITED	
	2010	2009	2010	2009
	$	$	$	$
6 months or less	150,157	158,620	150,157	158,408
6 – 12 months	-	-	-	-
1 – 5 years	-	-	-	-
	150,157	158,620	150,157	158,408

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	$	$	$	$	$
CONSOLIDATED					
Year ended 30 June 2010					
Financial assets					
Cash & cash equivalents	2,428,947	-	-	-	2,428,947
Trade & other receivables	17,866	-	-	-	17,866
	2,446,813	-	-	-	2,446,813
Financial liabilities					
Trade & other payables	(150,157)	-	-	-	(150,157)
	(150,157)	-	-	-	(150,157)
Net Maturity	**2,296,656**	-	-	-	**2,296,656**
Year ended 30 June 2009					
Financial assets					
Cash & cash equivalents	1,285,948	-	-	-	1,285,948
Trade & other receivables	513,459	-	-	-	513,459
	1,799,407	-	-	-	1,799,407
Financial liabilities					
Trade & other payables	(158,620)	-	-	-	(158,620)
	(158,620)	-	-	-	(158,620)
Net Maturity	**1,640,787**	-	-	-	**1,640,787**

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

25. FINANCIAL INSTRUMENTS (Continued)

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	$	$	$	$	$
EZENET LIMITED					
Year ended 30 June 2010					
Financial assets					
Cash & cash equivalents	2,428,947	-	-	-	2,428,947
Trade & other receivables	17,866	-	-	-	17,866
	2,446,813	-	-	-	2,446,813
Financial liabilities					
Trade & other payables	(150,157)	-	-	-	(150,157)
	(150,157)	-	-	-	(150,157)
Net Maturity	**2,296,656**	**-**	**-**	**-**	**2,296,656**
Year ended 30 June 2009					
Financial assets					
Cash & cash equivalents	1,285,948	-	-	-	1,285,948
Trade & other receivables	513,459	-	-	-	513,459
	1,799,407	-	-	-	1,799,407
Financial liabilities					
Trade & other payables	(158,408)	-	-	-	(158,408)
	(158,408)	-	-	-	(158,408)
Net Maturity	**1,640,999**	**-**	**-**	**-**	**1,640,999**

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments. For the Company it arises from receivables due from subsidiaries and customers.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The Group has a receivable of $225,167 relating to retention monies withheld by Movielink Pty Ltd which purchased Ezestream Pty Ltd from Ezenet Limited in 2009. Movielink has made a number of claims against Ezenet Limited in regards to the loss of a contract to supply its services and other contractual issues and has withheld the full $225,167 of retention monies. Notwithstanding Ezenet's denial of all claims, a provision has been made for the full amount of the debt due from Movielink Pty Ltd.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with high credit-quality financial institutions, being in Australia and only with major Australian (big four) banks.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

25. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (continued)

Fair value

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short term nature. The carrying amounts of financial assets and liabilities as described in the statement of financial position are as follows:

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2010 $	2009 $	2010 $	2009 $
FINANCIAL ASSET				
Cash	2,428,947	1,285,948	2,428,947	1,285,948
Receivables	17,866	513,459	17,866	513,459
Available-for-sale financial assets	1,038,933	703,252	1,038,933	703,252
Total financial assets	3,485,746	2,502,659	3,485,746	2,502,659
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	150,157	158,620	150,157	158,620
Total financial liabilities	150,157	158,620	150,157	158,620

EZENET LIMITED				
	2010 $	2009 $	2010 $	2009 $
FINANCIAL ASSET				
Cash	2,428,947	1,285,948	2,428,947	1,285,948
Debtors	17,866	13,756	17,866	13,756
Other debtors	-	499,703	-	499,703
Available-for-sale financial assets	166,195	103,022	166,195	103,022
Total financial assets	2,613,008	1,902,429	2,613,008	1,902,429
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	150,157	158,408	150,157	158,408
Total financial liabilities	150,157	158,408	150,157	158,408

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

25. FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Available-for-sale financial assets: Quoted prices in active markets been used to determine the fair value of listed available-for-sale investments (Level 1). The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(iv) Price Risk

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on the LSE (London Stock Exchange Alternative Investment Market) and the ASX (Australian Securities Exchange).

Sensitivity analysis

CONSOLIDATED		**Effect on:**		**Effect on:**	
		Profit	**Equity**	**Profit**	**Equity**
Share Price Sensitivity	**Sensitivity**	**2010**	**2010**	**2009**	**2009**
Risk Variable	+5%	-	51,947	-	35,163
	-5%	-	(51,947)	-	(35,163)

EZENET LMITED		**Effect on:**		**Effect on:**	
		Profit	**Equity**	**Profit**	**Equity**
Share Price Sensitivity	**Sensitivity**	**2010**	**2010**	**2009**	**2009**
Risk Variable	+5%	-	8,309	-	5,151
	-5%	-	(8,309)	-	(5,151)

(v) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group’s income or the value of its holdings of financial instruments. The Group has minimal transactions denominated in currencies other than the functional currency of the Group, the Australian dollar (AUD). At the balance date, the Group and Company did not have any financial assets or liabilities denominated in currencies other than the functional currency of the Group and are therefore not exposed to foreign currency risk at year-end.

26. CONTINGENT LIABILITY

During 2009 Ezestream Pty Ltd (“Ezestream”) terminated a Memorandum of Understanding with Palvision Corporation Pte Ltd (“Palvision”) of Singapore for its failure to rectify faults in an entertainment system supplied by it. Palvision disputed the termination and threatened to issue proceedings against Ezestream. On 12 June, 2009 agreement in principle was reached to settle matter on the basis that the Memorandum of Understanding was terminated, each party released the other, all unused equipment was returned to Palvision at the cost of Palvision and each party bore their own costs. The settlement agreement is in the process of finalisation but has not been completed at the date of this report.

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EZENET LIMITED AND ITS CONTROLLED ENTITY

Report on the Financial Report

We have audited the accompanying financial report, of Ezenet Limited (the company) and Ezenet Limited and its controlled entity (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the 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 and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

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 Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100

Telephone: *(08) 9362 5855*
Facsimile: *(08) 9362 5186*

Email: *htg@htgbdc.com*
Website: *www.htgbdc.com*
ABN: *78 607 011 001*

PO Box 199
Victoria Park
Western Australia 6979

HEWITT TURNER & GELEVITIS

BUSINESS DEVELOPMENT CONSULTANTS

Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
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Strategic Planning
Accounting Services
Management Consultancy

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA, FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA, NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis is a CPA Practice

CPA

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EZENET LIMITED AND
ITS CONTROLLED ENTITY (continued)**

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 Ezenet Limited and Ezenet Limited and its controlled entity is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
ii. complying 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 6-9 of the report of the directors 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 s 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 Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of Ezenet Limited for the year ended 30 June 2010, complies with s 300A of the *Corporations Act 2001*.

HEWITT TURNER & GELEVITIS

....
TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Signed at Perth this 24th day of September 2010.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2010

Statement

Ezenet Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.Ezenet.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on ASX Listing Rule Compliance (summary) and Compliance Procedures (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Executive Chair and assisting the Executive Chair in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Executive Chair or, if the matter concerns the Executive Chair, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Chair is responsible for evaluating the performance of senior executives. The evaluations are performed by conducting interviews with the senior executives as required.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:

During the Reporting Period, an evaluation of senior executives did not take place as the Company did not have active operations over this time.

Please refer to the section above marked Website Disclosures.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of Departure:

The board of the Company consists of three members, two of which are executive.

Explanation for Departure:

The Company has announced, on a number of occasions, that it was seeking further investments in the resource sector. With the qualifications and experience of the Chairman, Wolf Martinick, with effect from 1 July 2099 he took on the role of an executive to assist the Company in this search.

The current Board structure presently consists of an executive chairperson, the Managing Director and a non-executive director.

The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2010

Recommendation 2.2:

The Chair should be an independent director.

Notification of Departure:

The Chair is not an independent director.

Explanation for Departure:

Wolf Martinick is not independent by virtue of his executive role. The Board considers that Wolf Martinick is the most appropriate person for the position of Chair given his industry experience, and the size and current activities of the Company. The Board also believes that Wolf Martinick appointment as Chair is in line with shareholder expectations.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

The Managing Director is Ross O'Dea who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

The Board has established a Nomination Committee consisting of the full board and Simon Watson.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

The Chair evaluates the Board and, when deemed appropriate, Board committees and individual directors by utilising questionaries which are completed by each director. The Chair, in consultation with the Company Secretary, then reviews the questionnaires and holds round table discussions with the Board to discuss the questionnaires. The Chair holds discussions with individual directors, if required.

The Chair, at least annually, evaluates the performance of the Managing Director by personal interview. In reviewing the performance of the Managing Director performance against predetermined budgets and performance criteria set the previous year (if any) is assessed.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

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

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent director of the Company is David Ward. He is independent as he is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company’s rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee did not meet during the reporting period.

The assist the committee to fulfil its function, it has adopted a Nomination Committee Charter (which is available on the Company's website).

Performance Evaluation

During the Reporting Period an evaluation of the Board and its committees did not take place in accordance with the process disclosed at Recommendation 2.5 and there were no performance evaluations held in the Reporting Period for individual directors.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee follows a prescribed procedure whereby it evaluates the range of skills, experience and expertise of the existing Board, considers the balance of independent directors on the Board as well identifying the particular skills that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Company's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendations 4.1 and 4.2:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

Recommendations 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The Audit Committee has two members, David Ward and Simon Watson. The Audit Committee is chaired by David Ward, who is not chair of the Board.

Explanation for Departure:

Given the size and structure of the Board, the Company is unable to structure the Audit Committee in accordance with Recommendation 4.2. However, the Audit Committee has been structured so that it is in accordance with Recommendation 4.2, except that it only has two members.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The Audit Committee did not meet during the reporting period and the role of the Audit Committee was undertaken by the full Board.

Details of each of the director's qualifications are set out in the Directors' Report.

Audit Committee members have substantial industry knowledge and experience and consider themselves to be financially literate.

The Company has established procedures for the selection, appointment and rotation of its external auditor, which is available on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2010

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices

During the Reporting Period, the Company managed its material business risks as outlined above. In addition, the Board received a detailed report from management each month which enabled an assessment by the Board of activities that may impact on the risk profile of the Company. Specific areas of risk that were identified in the report included operational activities, asset management and staff. Any matter identified from the monthly report was then discussed at the following Board meeting.

In June 2010, the Company undertook a review of its risk management policy and procedures, and formalised and documented its system to manage its material business risks. The Board adopted a revised Risk Management Policy and Risk Management Procedures.

Under the revised Risk Management Policy, the Board will oversee the processes by which risks are managed. This will include defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risks and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least half yearly to the Board and an annual review of the risk profile is to be undertaken to ensure relevancy.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Managing Director as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received the report from the Managing Director under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. From time to time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non executive directors with additional incentive to continue those efforts for the benefit of the Company.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to reward executives for company and individual performance against targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; link reward with the strategic goals; and ensure total remuneration is competitive by market standards. Executive remuneration consists of fixed remuneration and long term performance incentives delivered in the form of options.

In determining the level and composition of executive remuneration, the Board may engage an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee did not meet during the reporting period. To assist the Committee to fulfil its function it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 June 2010

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 9 September 2010.

(a) Statement of shareholdings

		Ordinary Shares			
Range	Names of 20 largest shareholders	Fully paid			
		No of holders	No. of shares held	% held	No. of shares in escrow
100,001 or more	Martinick Wolf Gerhard	1	27,185,047	18.86%	-
	Inkjar Pty Ltd	1	13,250,000	9.19%	-
	HSBC Custody Nom Aust Limited	1	7,499,000	5.20%	-
	O'Loughlin Neil Thomas	1	4,717,748	3.27%	-
	Hope James Wallace JWH A/C	1	3,229,529	2.24%	-
	Bernes Nominess Pty Ltd	1	2,870,000	1.99%	-
	Kings Park Nominees PL	1	2,645,253	1.84%	-
	Gallin Nicole Joan	1	2,500,000	1.73%	-
	King s Park Nominees PL	1	2,370,180	1.64%	-
	Martinick Inv PL – Martinick S/F	1	2,166,094	1.50%	-
	Hope James Wallace + N E N & J S/F A/C	1	2,107,188	1.46%	-
	Watson Simon Maxwell O	1	2,015,625	1.40%	-
	Hillbrow Inv Ltd	1	1,820,000	1.26%	-
	Whaleview PL Davies S/F A/C	1	1,687,235	1.17%	-
	Van Rooyen Reiner	1	1,578,125	1.10%	-
	Bond Street Custodians Ltd - Cogilv	1	1,321,900	0.92%	-
	De Chassart Phillip D	1	1,299,597	0.90%	-
	Indi Holdings PL	1	1,275,105	0.88%	-
	Blackwood Business Services	1	1,227,280	0.85%	-
	Lewkowski George J +A	1	1,199,530	0.83%	-
		20	83,964,436	58.23%	-
	Various	136	49,573,517	34.43%	-
	Sub-total	156	133,537,953	92.66%	-
10,001 - 100,000	Various	230	8,899,763	6.18%	-
5,001 – 10,000	Various	111	871,622	0.60%	-
1,001 – 5000	Various	246	725,556	0.50%	-
1 – 1,000	Various	127	76,816	0.05%	-
Total		870	144,111,710	100.00	-

The number of shareholdings held in less than a marketable parcel is 552

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 June 2010

(b) Statement of option holders

Names	No of holders	No of options held	% held
Total		Nil	

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Market buy-back

There is no current on-market buy-back of shares.

Substantial Shareholders, as at 9 September 2010**,** who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
Dr Wolf Gerhard Martinick	29,351,141
Inkjar Pty Ltd	13,250,000