

APPENDIX 4E

Preliminary final report

EZENET LIMITED ABN 84 083 646 477
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1. Reporting Period

Year ended : 30 June 2010

2. Results for announcement to the market

2.1	Revenues from ordinary activities	Down	98.5%	to	\$55,316
2.2	Loss from continuing activities after tax attributable to members	Down	84%	To	(\$514,760)
2.3	Net loss for the period attributable to members	Down	72.3%	to	(\$754,201)
2.4	Dividends		Amount per security		Franked amount per security
	Final dividend		Nil¢		Nil¢
	Previous corresponding year		Nil¢		Nil¢
2.5	Record date for determining entitlements to the dividend	Not Applicable			
2.6	<p>During the 2009 financial year the company sought and received shareholder approval for the sale of its 100% owned subsidiary Ezestream Pty Ltd. Ezestream Pty Ltd carried on the business of providing digital movie services to the hospitality and mining industries. That sale was effective 30 April 2009, consequently the result of the Group include the results for Ezestream Pty Ltd for the ten month period ending 30 April 2009 against no contribution for this financial year.</p> <p>During the current financial year Ezenet Limited sought additional business opportunities and continued its business of investing in the resources sector either directly or indirectly through the investment in companies active in the resource sector.</p>				

3. Consolidated statement of comprehensive income

	Notes	2010 \$	2009 \$
Continuing operations			
Interest received		55,316	636
Interest on Convertible notes		-	(193,915)
Depreciation		(1,144)	-
Consultants fees		(165,229)	(41,966)
Directors fees		(165,781)	(73,395)
Travel expenses		(143,621)	(13,803)
Other expenses		(121,571)	(370,820)
Impairment on available for sale investments		-	(2,662,495)
Loss from continuing operations before income tax		(542,030)	(3,355,758)
Income tax credit		27,270	126,065
Loss from continuing operations after income tax expense		(514,760)	(3,229,693)
Profit/(Loss) from discontinued operations after income tax	3.1(a)	(239,441)	509,413
Net Loss for the period		(754,201)	(2,720,280)
Other comprehensive income			
Impairment on available for sale investments, net of tax		-	(1,527,525)
Net fair value gains/(losses) on available-for-sale financial assets, net of tax		308,410	(244,780)
Other comprehensive income net of tax		308,410	(1,772,305)
Total comprehensive loss for the year		(445,791)	(4,492,585)

Earnings per security (EPS)	Cents	Cents
Basic earnings/(loss) per share	(0.63)	(3.24)
Diluted earnings/(loss) per share	(0.63)	(3.24)

3.1 Notes to the consolidated income statement

3.1(a) Discontinued Operations

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.

	2010	2009
	\$	\$
Revenue	-	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 withheld	(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	(239,441)	509,413

4. Consolidated balance sheet

	2010 \$	2009 \$
ASSETS		
Current assets		
Cash	2,428,947	1,285,948
Receivables	17,866	513,459
Other	5,711	-
Total current assets	2,452,524	1,799,407
Non-current assets		
Property, plant and equipment	2,944	3,090
Available-for-sale financial assets	1,038,933	703,252
Total non-current assets	1,041,877	706,342
Total assets	3,494,401	2,505,749
LIABILITIES		
Current liabilities		
Payables	150,157	158,620
Total current liabilities	150,157	158,620
Total liabilities	150,157	158,620
Net assets	3,344,244	2,347,129
EQUITY		
Contributed equity	10,612,254	9,169,348
Reserves	1,258,233	949,823
Retained profits	(8,526,243)	(7,772,042)
Total equity	3,344,244	2,347,129

5. Consolidated statement of cash flows

	2010 \$	2009 \$
Cash flows from operating activities		
Receipts from customers	-	3,735,651
Payments to suppliers and employees	(631,856)	(2,867,785)
Interest received	55,316	10,873
Borrowing costs	-	(240,397)
Income taxes paid	-	(8,875)
Other	-	-
Net cash flows from/(used in) operating cash flows	(576,540)	629,467
Cash flows from investing activities		
Payments for property, plant and equipment	(998)	(826,474)
Loan to associated company	(351,453)	-
Repayment of loan from associated company	376,600	-
Proceeds from subsidiary sale	252,484	2,790,809
Payments for investments	-	(60,000)
Net cash flows from investing activities	276,633	1,904,335
Cash flows from financing activities		
Proceeds from issues of shares	1,503,058	-
Payments for costs of raising equity	(60,152)	-
Proceeds from borrowings raised	-	100,548
Repayment of borrowings	-	(136,328)
Other – Convertible notes repaid	-	(1,710,000)
Net cash flows from/(used in) financing activities	1,442,906	(1,745,780)
Net increase (decrease) in cash and cash equivalents	1,142,999	788,022
Cash and cash equivalents at beginning of financial year	1,285,948	497,926
Cash and cash equivalents at end of financial year	2,428,947	1,285,948

5.1(a) Reconciliation of cash

	2010 \$	2009 \$
Cash on hand and at bank	2,398,947	1,285,948
Short term deposit	30,000	-
Total cash at end of period	2,428,947	1,285,948

5.1(b) Reconciliation of loss from ordinary activities after income tax to net cash from operating activities	2010 \$	2009 \$
Profit/(Loss) from ordinary activities after income tax	(754,201)	(2,720,280)
Depreciation and amortisation	1,144	849,141
Provision for diminution in investment	-	2,767,495
Convertible finance costs	-	-
Taxation	(27,270)	(129,429)
Subsidiary sale	14,274	(280,035)
Provision for non-recovery of debt	225,167	-
Profit on sale of available-for-sale financial asset	-	6,000
Changes in assets and liabilities		
Trade receivables	3,668	155,248
Other receivables	-	(9,760)
Prepayments	-	(20,616)
Trade and other creditors	(39,322)	(92,536)
Inventory	-	91,874
Employee entitlements	-	12,365
Net operating cash flows	576,540	629,467

5.1(c) Borrowing facilities and bank financial Accommodations	2010 \$ Available	2010 \$ Utilised	2009 \$ Available	2009 \$ Utilised
Convertible notes	-	-	-	-
Bank loan	-	-	-	-
Insurance finance	-	-	-	-
Other	-	-	-	-
	-	-	-	-

6. Dividends paid or declared

	2010 \$	2009 \$
Dividends paid or declared for the year	Nil	Nil
Amount of franking credits available	Nil	Nil

7. Dividend reinvestment plan

There is no Dividend Reinvestment Plan currently in place .

8. Movements in retained earnings

	2010 \$	2009 \$
Retained losses at beginning of financial year	(7,772,042)	(5,051,762)
Net operating profit (loss) after income tax for the financial year	(754,201)	(2,720,280)
Adjustment arising from adoption of new and revised accounting standards:	-	-
Dividends paid or payable	-	-
Retained losses at end of financial year	(8,526,243)	(7,772,042)

9. NTA backing

	2010 \$	2009
Net tangible asset backing per ordinary security	2.32 cents	2.79 cents

10. Control gained or lost over entities having material effect

Effective 30 April 2009 the company sold its 100% interest in Ezestream Pty Ltd. During the current financial year Ezestream contributed a profit of Nil (2009: \$299,377) from ordinary activities towards the Group's results.

11. Available-for-sale financial assets

	2010 \$	2009 \$
Interest in Weatherly International plc	925,956	573,984
Interest in Allied Gold Limited	37,000	40,000
Interest in Island Gas	75,977	89,268
Interest in Ghazal Uranium	-	-
Total Available for sale Assets	1,038,933	703,252

12. Details of associates and joint ventures

		Ownership interest held by consolidated entity	
	Balance Date	2010	2009
Ghazal Minerals Limited	30 June 2010	23%	23%

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 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.

13. Other significant information

13.1 Issued and quoted securities at end of current year

	Total number	Number quoted	Issue price per share \$	Amount paid up per share \$
Ordinary shares				
Balance on issue at 1 July 2009	83,989,367	83,989,367		
Increases during current year				
- Placements	36,000,001	36,000,001	0.025	0.025
- Rights issue	24,122,342	24,122,342	0.025	0.025
Balance on issue at 30 June 2010	144,111,710	144,111,710		
Options			<i>Exercise Price \$</i>	
Balance on issue at 1 July 2009	-	-		
Issued during current year	-	-		
Exercised during current year	-	-		
Balance on issue at 30 June 2010	-	-		

13.2 Changes in contingent liability

Not applicable

14. Accounting standards for foreign entities

Not applicable

15. Commentary on the results for the financial year

During the year equity markets improved which saw the value of our available-for-sale investments increase by 48% to \$1,038,933.

Movielink Pty Ltd, the purchaser of Ezestream Pty Ltd, 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 \$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.

During the 2009 financial year the company sought and received shareholder approval for the sale of its 100% owned subsidiary Ezestream Pty Ltd. Ezestream Pty Ltd carried on the business of providing digital movie services to the hospitality and mining industries. That sale was effective 30 April 2009, consequently the result of the Group include the results for Ezestream Pty Ltd for the ten month period ending 30 April 2009 against non-contribution for the current financial year.

Ezenet Limited will continue its business of investing in the resources sector either directly or indirectly through the investment in companies active in the resource sector.

15.1 Segment reporting – reports for business and geographical segments

The company operates in one geographical segment being Australia and in the one industry being the investment in resource projects either directly or through the investment in companies that hold resource projects.

16. Basis of preparation

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2009. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Group.

Certain Australian Accounting Standards and UIG Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group, for the annual reporting period ended 30 June 2010. The directors have not adopted any of these new or amended standards or interpretations.

17. Compliance statement

This report is based on accounts which are in the process of being audited.

Signed:


(Company Secretary)

Date: 31 August 2010

Name:

Brett Dickson