FACILITATE DIGITAL HOLDINGS LIMITED (FAC)

AND CONTROLLED ENTITIES

ABN 84 093 823 253

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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CORPORATE INFORMATION

Company

Facilitate Digital Holdings Limited

ABN 84 093 823 253

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Directors

Mr. Stuart Simson (Non Executive Director and Chairman)

Mr. Geoff Dixon (Non Executive Director)

Mr. Charles Sweeney (Non Executive Director)

Mr. Ian Lowe (Chief Executive Officer and Executive Director)

Mr. Ben Dixon (Chief Operating Officer and Executive Director)

Company Secretary

Mr. Jim Story

Share Registry

Link Market Services Limited

Level 12, 680 George Street,

Sydney NSW 2000 Australia

Telephone: 1300 554 474 or +61 2 8280 7111

Fax: + 61 2 9287 0303

Website: www.linkmarketservices.com.au

Auditor

Ernst & Young

8 Exhibition Street,

Melbourne Victoria 3000 Australia

Telephone: + 61 3 9288 8000

Fax: + 61 3 8650 7777

Corporate Advisor

Cooper Grace Ward Lawyers

Central Plaza Two, Level 23,

Brisbane 4000 Australia

ASX Code

FAC

Chairman and Chief Executive Officer's message

Dear Shareholder

We are pleased to report on the Company's performance for the 2010 financial year and provide an update on the period ahead.

Despite the uncertainties arising from global economic conditions, and the resulting impact on financial markets and the advertising industry, over the last year the Company achieved a number of significant milestones, including the transition from a $9.2m NPAT loss in financial year 2009 to a maiden profit in 2010.

The Company achieved like-for-like revenue and net profit growth in 2010 of 16 per cent and 100 per cent respectively. This resulted from continued revenue growth across the key regional operations of Asia Pacific, Europe and USA, along with ongoing cost control measures that saw year-on-year operating costs increase by less than one per cent.

The combined effect of scaling revenues and cost containment saw the Company produce both a second half and full year net profit, and full year Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $1.76m. The EBITDA result was particularly pleasing, constituting a $1m increase on 2009 EBITDA, which was 100 per cent of the revenue growth for the corresponding period.

As a result the company believes it is well placed to grow revenue and net profit in 2011 and beyond.

A number of major contracts were secured in financial year 2010, including GroupM APAC, G2 Digital & Direct - US, Harris Technology - US, GroupM Austria, Starcom NZ, OMD APAC & Australia, PHD Australia, and Citibank APAC (announced 1 July 2010). As cross market rollouts for clients such as GroupM APAC and Citibank APAC conclude in financial year 2011, the full revenue potential of these contracts will be realised.

The core technology proposition continues to be viewed by the agency community as unique and value creating. This is no more evident than in our market leading business process management platform, *Symphony*. *Symphony* is the means by which agencies control campaigns, accelerate their delivery, scale capacity and lower administration costs.

In March 2010 the Company unveiled the next generation of the *Symphony* platform - Version 5.0. Reinforcing its position as global market leader and the culmination of 12 months of planning, design and development, Version 5.0 offers multinational agencies a global technology through which to streamline and automate the execution of campaigns across borders, time zones, currencies and languages. It remains the only purpose built digital media platform in existence to do so.

In tandem with our closely integrated adserving toolset, the Company continues to leverage *Symphony* to develop a number of local, regional and global sales opportunities with agencies across all three key operating regions (APAC, UK/Europe and US).

The Company has withstood the considerable pressures from the strength of the Australian Dollar over the 2010 financial year. Strengthening of the Australian Dollar has a negative effect on revenues derived from international operations, in particular those from Europe, UK and US, which collectively now account for over 50 per cent of total revenue. The increased depth and diversity of our product offering, client list and geographical footprint should continue to strengthen the Company's ability to withstand future currency movements.

Finally, we would like to thank the staff of Facilitate Digital and our fellow directors for their contribution to the 2010 result, and our progress against Company objectives for 2011 and beyond.

Stuart Simson

Ian Lowe

Stuart Simson
Chairman

Ian Lowe
CEO

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2010.

Directors

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

- Mr. Stuart Simson (Non Executive Chairman) (Appointed 9 July 2009)
- Mr. Geoff Dixon (Non Executive Director) (Appointed 9 July 2009)
- Mr. Charles Sweeney (Non Executive Director)
- Mr. Ian Lowe (Chief Executive Officer)
- Mr. Ben Dixon (Chief Operating Officer)

Information on Directors

Mr. Stuart Simson - Chairman

Stuart Simson has 40 years experience in media and marketing. He is a former Chairman of emitch Limited, a leading online media agency, and is Director of specialist online media agency, Switch Digital Pty Ltd. He is a director of MOKO.mobi Limited and Parts All Over Pty Ltd. Mr Simson is a former Managing Director of The Age and Sunday Age, and Editor and CEO of BRW Publications. He is a Council Member of Leadership Victoria.

Mr. Geoff Dixon – Non Executive Director

Geoff Dixon is one of Australia's most experienced and successful corporate executives. He is the former Managing Director and Chief Executive Officer of Qantas Airways Limited and has wide experience at board level in the media, general business and philanthropic sectors. He is a director of Crown Limited and Consolidated Media Holdings Limited. He is also Chairman of the Garvan Research Foundation, and Chairman of Tourism Australia.

Mr. Charles Sweeney, BCom, LLB, MAICD – Non Executive Director

Charles Sweeney graduated in Commerce/Law from Melbourne University in 1998. Whilst studying Charles co-founded one of Australia's leading domain name registries. Charles then worked as a consultant with a boutique Melbourne consulting firm where he focused on private equity, including mergers and acquisitions. During this time, Charles co-founded Facilitate Digital with Ben Dixon.

Charles is a partner with Brisbane commercial law firm, Cooper Grace Ward where he specialises in mergers & acquisitions, intellectual property, information technology and corporate advisory.

Mr. Ian Lowe, ASCM – Chief Executive Officer

Ian Lowe has broad cross media and marketing experience, accumulated over 23 years of working in and managing media and media related organisations, including George Patterson Bates, Thompson Media, and PMP Limited (ASX: PMP). Prior to joining Facilitate Digital in 2002, Ian held executive management positions in various technology and media technology companies, including Managing Director of Red Sheriff Ltd and CEO of Traffion Pty Ltd. During Ian's tenure Red Sheriff grew from a staff of 10 to become a global leader in web analytics and market intelligence, with more than 1000 clients in 52 countries.

Leveraging his extensive business and media experience, Ian has developed and managed small, medium and large enterprises through periods of significant growth, developing global business, products and distribution strategies in industries as diverse as publishing, distribution and digital communications. Ian holds an ASCM performance diploma from the NSW Conservatorium of Music.

Mr. Ben Dixon – Chief Operating Officer

Ben Dixon's career in the advertising industry goes back almost 18 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular Ben was responsible for the development and implementation of eCommerce and online strategies across a number of advertisers.

In late 1999, Ben conceptualised and then co-founded Facilitate Digital Pty Ltd, assuming the role of General Manager. In the subsequent 3 years Ben played an integral role in steering the business through an industry collapse to a position of strength. Ben assumed the role of Chief Operating Officer in 2003.

Interests in the shares and options of the company

As at the date of this report, the interests of the directors in the shares and options of Facilitate Digital Holdings Limited were:

	Number of ordinary shares	Number of options over ordinary shares
S. Simson	620,436	750,000
G. Dixon	1,620,436	750,000
C. Sweeney	7,996,095	5,249,105
I. Lowe	6,958,823	3,724,321
B. Dixon	16,686,903	9,802,097

Information on Company Secretary

Mr. Jim Story BA LLB FCIS

Mr Jim Story was appointed Company Secretary on 18 July, 2008.
Jim is a Senior Solicitor and Company Secretary with almost 32 years' experience in corporate and commercial law. He has been Company Secretary of a number of ASX listed entities.

Jim's career began at the NSW Corporate Affairs Commission (the NSW branch of what is now known as ASIC).

Principal Activities

The principal activities of the Consolidated Entity during the financial year consisted of:

- enabling, tracking and optimising all forms of digital marketing (e.g. online display advertising, search marketing, email marketing, wireless marketing);
- measuring and analysing website content, activity and behavioural diagnostics;
- offering a range of modular products that enable the marketer to correlate results across various activities;
- uniquely automating complex processes; and
- streamlining campaign administration and centralising the collection of real-time campaign performance information.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year, except for those items stated within this report.

Operating Results

The consolidated profit of the Group, after providing for income tax amounted to $12,848 (2009: loss ($9,163,486)).

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no dividend was paid or declared during the financial year. The Directors have not recommended the payment of a dividend and no dividend was paid or declared in period since the end of the 2010 financial year and the issuance of this report.

Review of Operations

	2010	2009	**MOVEMENT**	
	$	$	$	%
Revenue related to the continuing operations	**7,414,835**	6,407,264	1,007,571	15.7
Earnings/(loss) before interest, tax, depreciation, amortisation and option expense from continuing operations	**1,755,716**	749,152	1,006,564	134.4
Net profit/(loss) before tax attributable to members from continuing operations	**(38,931)**	(678,382)	639,451	94.3
Net profit/(loss) after tax attributable to members from continuing operations	**12,848**	(2,224,495)	2,237,343	100.6
Net profit/(loss) for the period attributable to members (including discontinued operations)	**12,848**	(9,163,486)	9,176,334	100.1

Full Year 2010 Results

The loss before tax for the year amounted to $38,931, a 94.3per cent improvement on a like for like basis versus the year prior.

Highlights of continuing operations for the year ended 30 June 2010 include:

- Revenue growth of 15.7 per cent versus the year prior, from $6.41m to $7.41m;
- EBITDA improved by 134.4 per cent compared with the year prior, from $0.75m to $1.76m;
- NPBT improved by 94.3 per cent versus the same period last year, from ($0.678m) to ($0.039m);
- A positive NPBT for the second half of the financial year;
- NPAT improvement of 100.1 per cent versus the same period last year from ($9.16m) to $0.013m;
- Expenses, excluding depreciation and amortisation, were contained to similar levels as 2009;
- Earning per share improved from (1.87) cents per share in 2009 to 0.01 cents per share in 2010.

With revenue growth expected to continue, the business is well placed to achieve its 2011 financial year target profit range of $0.5m to $1m.

International Operations

A growing percentage of Facilitate Digital's growth over the last 12 months continues to be attributable to offshore operations, with major client wins in Asia and USA.

This illustrates that Facilitate Digital's unique offering is well aligned with industry needs across global territories including APAC, Europe/UK and North America. This offering consists of a purpose designed technology platform to automate complex campaign workflow for media agencies, as well as integrating this workflow into the various critical agency systems such as adserving, finance and creative production. Facilitate Digital's independence (the Company has no interest in the performance of one media vendor over that of another) is viewed as valuable by agencies and their clients.

The Company's expansion into the United States has been successful, with US revenues over the 12 months to June 30 2010 growing by 126% versus the year prior.

Harris Technology: US Market Partnership

In September 2009, Facilitate Digital announced it had established a partnership with Harris Corporation (NYSE: HRS), a leading provider of accounting software solutions to the advertising and media industry. The partnership includes shared sales initiatives in the North American market and integration of Facilitate Digital's *Symphony* platform with the Harris EAS technology. The partnership allows Harris to resell the integrated solution to their extensive client list of agencies across North America.

GroupM APAC: Regional Contract

In August 2009, Facilitate Digital announced it had secured a regional contract with GroupM, the world's largest media agency group.

The contract will see Facilitate's *Symphony* technology rolled out across all major GroupM agencies throughout the Asia-Pacific region including Mindshare, Mediacom, Mediaedge:cia and Maxus, encompassing markets such as Australia, China, Hong Kong, India, Malaysia, Singapore, Taiwan, Thailand and The Philippines. The rollout is scheduled to occur over an 18 month period.

G2 Direct & Digital: Regional Contract

In August 2009, Facilitate Digital announced it had announced it had signed a contract with leading US media agency G2 to implement its Symphony platform. G2 is owned by WPP, the world's largest agency group.

Starcom New Zealand: Contract

On 8 December 2009, the Company announced it had secured a contract with Starcom New Zealand.

Financial Position

The net assets of the Facilitate Group have increased by $691,888 from $4,026,218 at 30 June 2009 to $4,718,106 at 30 June 2010. The cash balance at 30 June 2010 was $1.435m.

The Facilitate Group has a strong financial position, with the *current ratio* (current assets to current liabilities) increasing from 1.22 at 30 June 2009 to 1.46 as at 30 June 2010.

The Group has continued to invest extensively in research and development to continually enhance its product suite and maintain leadership as a provider of digital marketing solutions.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

(a) Capital raising

On 30 April, 2010, 9,504,072 fully paid ordinary shares, at $0.08 per share, were issued through a fully underwritten 1 for 12 rights issue. The proceeds from the issue are being utilised for working capital purposes.

(b) Appointment of directors

On 10 July 2009, the Company announced the appointment of two additional directors. Stuart Simson was appointed the non-executive Chairman and Geoff Dixon as a non-executive director. Refer "ASX: FAC Release July 10th, 2009" for further details.

Future Developments, Prospects and Business Strategies

To further improve the economic entity's profit and maximise shareholder wealth, the following developments are intended to be implemented in the near future:

- continued expansion in Australia, the United States, Europe and Asia;
- enhanced business relationship and partnerships with key industry players;
- improved web, public relations and marketing presence of the Company; and
- continued product innovation and development.

Environmental Regulations

The consolidated entity's operations are not subject to any significant environmental regulations under the Commonwealth, State or any other country in which the entity operates.

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has paid premiums for a contract insuring all directors and officers. The insurance does not provide cover for the Independent Auditors of the Company. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the contract.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of any proceedings.

The Company was not a party to any proceedings during the year.

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Auditor's Independence Declaration to the Directors of Facilitate Digital Holdings Limited

In relation to our audit of the financial report of Facilitate Digital Holdings Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

David Petersen
Partner
27 September 2010

Non-audit Services

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the External Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement, to ensure these services do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid or payable to the External Auditors for the year ended 30 June 2010:

Non- Audit Services	**2010**	2009
	$	$
Taxation services	**55,050**	54,000
Other services	**33,535**	36,655
Total	**88,585**	90,655

Directors' Meetings

During the financial year, sixteen meetings of directors (including the audit & risk committee) of the Company were held. Attendances by each director during the year were as follows:

	COMMITTEE MEETINGS			
	Directors' Meetings		**Audit & Risk Committee**	
	Held	Attended	Held	Attended
Directors				
Mr. Stuart Simson	14	14	2	2
Mr. Geoff Dixon	14	14	2	2
Mr. Charles Sweeney	14	14	2	2
Mr. Ian Lowe	14	14	2	2
Mr. Ben Dixon	14	14	2	2

Remuneration Report

This remuneration report outlines the director and executive remuneration arrangements of 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the chief executive, senior executives, general managers and secretary of the Group.

Details of key management personnel (including the five highest paid executive officers of the Group)

Key Management	Position
Directors	
Stuart Simson	Non Executive Chairman (Appointed 9 July 2009)
Geoff Dixon	Non Executive Director (Appointed 9 July 2009)
Charles Sweeney	Non Executive Director
Ian Lowe	Chief Executive Officer and Executive Director
Ben Dixon	Chief Operating Officer and Executive Director
Executives	
Tom Peacock	Commercial Director
Kees de Jong	Managing Director Europe (Resigned 31 July 2010)
Julian Baring	Executive Vice President North America
Damien Thomson	Managing Director APAC
Damien Healy	Managing Director UK
Oliver Weiss	General Manager - Europe

Kees de Jong resigned on 31 July 2010. There were no other changes to key management personnel after the reporting date and before the date the financial report was authorised for issue.

Remuneration Committee

The remuneration committee convened once during the year.

Functions of the Committee

The Remuneration Committee (Committee) is a Committee of the Non Executive Directors of the Facilitate Digital Group.

The Committee does not have executive powers or financial responsibility, except as outlined in its Charter, or as delegated by the Board from time to time.

Structure and composition

The Remuneration Committee consists of three members. Members are appointed by the Board from amongst the non-executive Directors. The Committee members may elect one of their number as Chairperson of the committee, and may elect another member as Deputy Chairperson to act as Chairperson in the Chairperson's absence.

Responsibilities

To review and, if appropriate, make recommendation to the Board as a result of the Committee's primary responsibilities, which are to:

a. review and endorse Facilitate Digital Group 's remuneration strategy;
b. reviewing and making recommendations to the Board on the Company's incentive schemes;
c. review industry trends in remuneration practice and apply 'best practice' principles in structuring remuneration packages for the CEO and executive management;
d. review market rates for the position of CEO and to consult with the CEO regarding executive management;
e. consult with external experts, as required, to gain relevant market data for the positions of CEO and executive management;
f. establish performance objectives for the CEO and regularly monitor performance to these objectives;
g. determine the remuneration of the CEO;
h. review the remuneration of the Directors;
i. review incentive schemes and annually recommend to the Board, in consultation with the CEO, the appropriate bonus/incentive pool for the company;
j. review succession plans for executive management;
k. review and endorse the CEO's recommendations for base and incentive remuneration for executive management; and
l. review superannuation arrangements.

In relation to the CEO and COO's Service Agreement, the Committee is responsible for:

a. determining the terms of the Service Agreement or approving any variations to the terms of the Service Agreement and recommending those terms (or variations to the terms) to the Facilitate Digital Group Board for approval;
b. consulting with external experts in seeking advice on the terms of the Service Agreement;
c. determining and approving payments to the CEO and COO on termination of employment, including payments due under the terms and conditions of approved short-term and long-term incentive plans; and
d. where required by the circumstances of the termination of employment, determining and approving payments in excess of the terms of the Service Agreement and incentive plans.

The Chairperson (or Deputy Chairperson) of the Committee have the delegated authority of the Board to sign the Service Agreement (or any variation to the Agreement) of the CEO and COO on behalf of the Board.

Other Matters

The Committee will perform any other review or function that may be requested of the Committee by the Board from time to time.

Independent Advice and Access

The Committee may also consult independent experts at the expense of Facilitate Digital Group where it considers such consultation necessary to carry out its duties.

Frequency of Meetings

The Committee will convene as and when required.

Non-Executive Director Remuneration Policy

Non-executive directors are paid their fees out of the maximum aggregate amount ($200,000) approved by shareholders for the remuneration of non-executive directors.

Non-executive directors are entitled to statutory superannuation.

The remuneration of non-executive directors for the period ending 30 June 2010 and 30 June 2009 is detailed in table 1 and 2 respectively of this report.

Senior Executive Remuneration Policy

Objective

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

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks.
- Align the interests of executives with those of shareholders.
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the remuneration committee engages external consultants as needed to provide independent advice.

Facilitate Digital has entered into a detailed contract of employment with the Chief Executive Officer and a standard contract with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits)
- Variable remuneration
  - Short term incentive (STI)
  - Long term incentive (LTI)

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in table 1 for the period ended 30 June 2010 and table 2 for the period ended 30 June 2009.

Fixed remuneration

Objective

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. As noted above, the committee has access to external advice independent of management.

Structure

Executives receive their fixed (primary) remuneration in cash.

The fixed remuneration component of executives is detailed in table 1.

Variable remuneration — short term incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering financial, non-financial, corporate and individual measures of performance.

Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management, and leadership/team contribution. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On a quarterly or annual basis, after consideration of performance against KPIs, the remuneration committee, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within three months after the reporting date.

The aggregate of STI payments available for executives across the Group is subject to the approval of the remuneration committee. Payments made are delivered as a cash bonus in the following reporting period.

STI bonus for 2009 and 2010 financial years

For the 2010 financial year, $74,365 (2009: $30,617) was paid by way of an STI bonus, as detailed in tables 1 and 2 respectively of this report.

Variable remuneration — long term incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

Structure

LTI grants to executives are delivered in the form of share options under the Employee Share Option Plan. The share options are structured to vest at various intervals and executives are able to exercise the share options for up to two years after vesting before the options lapse. The options issued to executives are detailed in table 3 and 4 of this report.

Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group or death. Table 4 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance bonus based on key performance indicators, and the second being the establishment of the Employee Share Option Plan to the majority of executives, managers and staff to improve the longer-term performance of the Company and its subsidiaries and its return to shareholders.

The following table shows the gross revenues, profits and dividends for the current period and the previous 4 years for the listed entity, as well as the share price at the end of the respective financial years.

	2010	2009	2008	2007	2006
	$	$	$	$	$
Revenue related to continuing operations	**7,414,835**	6,407,263	3,694,966	3,890,610	2,558,144
Net (loss)/profit after tax	**12,848**	**(9,163,486)	(124,564)	*(54,096)	173,808
Share Price at Year-end	**0.06**	0.06	0.16	0.54	-
Dividends Paid	**-**	-	-	-	-

*The 2007 result includes $912,378, being losses from the discontinued operations of Purus Energy Ltd. Excluding this figure the net profit from operations in 2007 was $858,282.

**The 2009 result includes $6,938,991, being the impairment costs associated with the disposal of the Impact Data Group, if this figure is excluded the net loss from operations in 2009 was $2,224,495.

Employment contracts

Chief Executive Officer

The CEO, Mr. Lowe, is employed under a rolling contract. The current employment contract commenced on 28 February 2007, the terms of the contract are as follows:

- Mr. Lowe receives fixed remuneration of $272,500 per annum, including superannuation, and is entitled to a cash bonus which is determined in accordance with the short term incentive structure outlined above.
- Mr. Lowe may resign from his position and thus terminate this contract by giving four weeks written notice.
- The Company may terminate this employment agreement by providing four weeks written notice.
- The Company may terminate the contract at any time if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration up to the date of termination.

Other executives (standard contracts)

All executives have rolling contracts. The Company may terminate the executive's employment agreement by providing four weeks written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). On termination or notice by the Company, any options that have vested or will vest during the notice period will be cancelled. Options that have not yet vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Details of Remuneration for Year Ended 30 June 2010

The remuneration for each director, key management personnel and five highest paid executives of the Company and the Group during the year is outlined on pages 21 and 22 of this Report.

Table 1. Remuneration for the Year ended 30 June 2010	Short-term			Post employment	Other Long-term	Share-based payment	Total	Performance Related
Name	Salary & fees	Cash bonus	Non Monetary Benefits	Super-annuation	Long service leave	Options		
	$	$	$	$	$	$	$	%
Non-executive directors								
C. Sweeney	30,000	-	-	-	-	-	30,000	-
S. Simson	98,205	-	-	8,838	-	27,700	134,743	20.56
G. Dixon	-	-	-	-	-	27,700	27,700	100.00
Sub-total non-executive directors	128,205	-	-	8,838	-	55,400	192,443	
Executive directors								
I. Lowe	255,282	12,500	-	23,625	4,088	-	295,495	4.23
B. Dixon	170,292	4,375	-	15,769	5,177	-	195,613	2.24
Other personnel								
J. Baring	213,966	13,270	9,359	21,231	-	-	257,827	5.15
K. de Jong	112,520	37,706	-	13,962	1,690	-	165,878	22.73
T. Peacock	154,370	-	-	13,860	2,098	-	170,328	-
D. Healy	162,415	1,791	-	18,861	-	-	183,066	0.98
O. Weiss	143,595	4,723	5,053	14,979	-	1,050	169,400	3.41
D. Thomson	170,707	-	-	14,625	7,103	-	192,435	-
Sub-total	1,383,147	74,365	14,412	136,913	20,156	1,050	1,630,043	
Total	1,511,352	74,365	14,412	145,751	20,156	56,450	1,822,486	

Table 2. Remuneration for the Year ended 30 June 2009	Short-term			Post employment	Other Long-term	Share-based payment	Total	Performance Related
Name	Salary & fees	Cash bonus	Non Monetary Benefits	Super-annuation	Long service leave	Options		
	$	$	$	$	$	$	$	%
Non-executive directors								
C. Sweeney	30,000	-	-	-	-	-	30,000	-
R. Hunwick	12,500	-	-	1,125	-	-	13,625	-
T. Norton	6,000	-	-	-	-	-	6,000	-
P. Vial	7,500	-	-	675	-	-	8,175	-
Sub-total non-executive directors	56,000	-	-	1,800	-	-	57,800	
Executive directors								
I. Lowe	246,898	-	-	22,500	4,088	-	273,485	-
B. Dixon	156,942	-	-	13,500	2,453	-	172,895	-
Other personnel								
J. Baring	225,539	-	-	-	-	7,007	232,546	3.01
K. de Jong	144,213	30,617	-	12,979	1,690	15,019	204,518	22.31
T. Peacock	152,823	-	-	13,050	6,082	15,338	187,293	8.19
D. Healy	157,222	-	-	14,035	-	7,265	178,522	4.07
T. Stroh	152,952	-	-	12,981	-	-	165,933	-
D. Thomson	162,827	-	-	14,138	-	2,825	179,790	1.57
Sub-total	1,399,416	30,617	-	103,182	14,312	47,454	1,594,982	
Total	1,455,416	30,617	-	104,982	14,312	47,454	1,652,782	

Table 3. Compensation Options granted and vested during the year		Terms and Conditions for each Issue of Options							Vested	
30 June 2010	Tranche No.	Granted No.	Grant date	Fair value per option at grant date (note 29)	Exercise price per option (note 29)	Expiry date	First exercise date	Last exercise date	No.	%
Executives				$	$					
K. de Jong	6	62,500	30-Jun-2009	0.0137	0.20	30-Jun-2012	30-Jun-2010	30-Jun-2012	62,500	100%
	7	62,500	30-Jun-2009	0.0143	0.30	30-Jun-2013	30-Jun-2011	30-Jun-2013	-	-
T. Peacock	6	325,000	30-Jun-2009	0.0137	0.20	30-Jun-2012	30-Jun-2010	30-Jun-2012	325,000	100%
	7	250,000	30-Jun-2009	0.0143	0.30	30-Jun-2013	30-Jun-2011	30-Jun-2013	-	-
D. Healy	6	50,000	30-Jun-2009	0.0137	0.20	30-Jun-2012	30-Jun-2010	30-Jun-2012	50,000	100%
	7	50,000	30-Jun-2009	0.0143	0.30	30-Jun-2013	30-Jun-2011	30-Jun-2013	-	-
D. Thomson	6	62,500	30-Jun -2009	0.0137	0.20	30-Jun-2012	30-Jun-2010	30-Jun-2012	62,500	100%
	7	62,500	30-Jun -2009	0.0143	0.30	30-Jun-2013	30-Jun-2011	30-Jun-2013	-	-
O. Weiss	6	37,500	27-Nov-2009	0.0137	0.20	30-Jun-2012	30-Jun-2010	30-Jun-2012	37,500	100%
	7	37,500	27-Nov-2009	0.0143	0.30	30-Jun-2013	30-Jun-2011	30-Jun-2013	-	-
S. Simson	2S	250,000	19-Oct-2009	0.0487	0.10	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%
	3S	250,000	19-Oct-2009	0.0351	0.18	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%
	4S	250,000	19-Oct-2009	0.0270	0.25	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%

Table 3. Compensation Options granted and vested during the year		Terms and Conditions for each Issue of Options							Vested	
30 June 2010	**Tranche No.**	**Granted No.**	**Grant date**	**Fair value per option at grant date (note 29)**	**Exercise price per option (note 29)**	**Expiry date**	**First exercise date**	**Last exercise date**	**No.**	**%**
Executives				**$**	**$**					
G. Dixon	2S	250,000	19-Oct-2009	0.0487	0.10	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%
	3S	250,000	19-Oct-2009	0.0351	0.18	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%
	4S	250,000	19-Oct-2009	0.0270	0.25	30-Dec-2012	19-Oct-2009	30-Dec-2012	250,000	100%
Totals		**2,500,000**							**2,037,500**	

Table 4. Options granted as part of remuneration

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	$	$	$	%
J. Baring	-	-	11,526	-
K. de Jong	-	-	9,620	-
T. Peacock	-	-	11,544	-
D. Healy	-	-	4,707	-
D. Thomson	-	-	7,696	-
O. Weiss	1,050	-	-	0.62
S. Simson	27,700	-	-	20.56
G. Dixon	27,700	-	-	100.00

The value of the options is determined by the number of options, either granted, exercised or lapsed, multiplied by the option value as calculated using the Black Scholes Method on the date the options were granted.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

No options were exercised during the period.

Signed in accordance with a resolution of the Directors

S Simson

Chairman

Dated this 27th of September, 2010

Corporate Governance Statement

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Guidelines).

The Company is pleased to advise that its practices are largely consistent with those of the ASX Guidelines. Where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the ASX Council) in place for the entire reporting period, we have identified when such policies or committees were introduced, or the reason why those policies or committees were not implemented.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operation of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the directors, the Chief Executive Officer and other key executives in the performance of their roles.

1.2 Composition of the Board

The Board has been formed so that it has an effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the directors, their qualifications and experience are stated in the Directors' Report on pages 7 to 8. Director appointments are based on the specific governance skills required by the Company and on the independence of their decision-making and judgment.

The executive directors are Mr. Lowe who is the Chief Executive Officer (CEO) and Mr. Dixon who is the Chief Operating Officer.

The Company recognises the importance of non executive directors and the external perspective and advice that non executive directors can offer. Stuart Simson, Charles Sweeney and Geoff Dixon are non executive directors. In addition to being non executive directors, Mr. Simson and Mr. Geoff Dixon also meet the criteria for independence adopted by the Company. All directors are required to bring an independent judgment to bear in decision-making regardless of whether they satisfy the Company's definition of independence.

An independent director is a non executive director, and:

1. is not a substantial shareholder (holding at least 5% of the Company's issued shares) or an officer of the Company, or otherwise associated directly with, a substantial shareholder of the Company;

2. has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
3. has not within the last three years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
4. is not a material supplier or customer of the Company or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or other Group member other than as a director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Mr. Sweeney is a non-executive director of the Company, but also has a relevant interest in a substantial number of shares (either directly or indirectly) of the Company and as such does not meet the Company's criteria for independence. However, his experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr. Simson was appointed as Chairman, and meets the Company's criteria for independence and therefore satisfies the ASX Council's recommendation that the role of Chairman be exercised by an independent director.

Jim Story was appointed Company Secretary on 18 July 2008.

1.3 Responsibilities of the Board

In general, the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the strategy of the Company.

Without limiting this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. Leadership of the Group: overseeing the Company and establishing codes that reflect the values of the Company to guide the conduct of the Board, management and employees.
2. Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operations of the Company.
3. Overseeing Planning Activities: overseeing the development of the Company's strategic plan, approval of the plan as well as the annual and long-term budgets.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.

7. Human Resources: appointing and where appropriate, removing the CEO as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the "Board Charter", which is available on the Company's website under "Investor Relations" and then "Governance".

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, takes such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, according to the Corporations Act 2001, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website.

1.4.5 Education and Induction

New directors will undergo an induction process in which they are given a full briefing on the Company. This includes meetings with key executives, visits to offices, an induction package and presentations.

Information conveyed to new directors will include:

- details of the roles and responsibilities of a director with an outline of the qualities required to be a successful director;
- formal policies on director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Code of Conduct and the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

All directors are encouraged to undergo ongoing professional development to achieve continuing improvement in Board performance.

1.4.6 Independent Professional Advice

The Board collectively and each director has the right to seek independent professional advice at the Company's expense to assist them in carrying out their responsibilities. The Chairman is to be advised prior to the expense being incurred.

1.4.7 Related Party Transactions

Related Party Transactions include any financial transaction between a director and the Company and will be reported at each Board meeting. Unless there is an exemption under the Corporations Act 2001 from the requirement to obtain shareholder approval for the Related Party Transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, the Company's website, information mailed to shareholders and at the general meetings of the Company;

2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Full details of the "Shareholder Communication Policy", are available on the Company's website under "Investor Relations" and then "Governance".

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

The Company seeks to comply with all legislation in its requirements relating to the sale and purchase of securities in Facilitate Digital (FAC) by its directors and employees, through the Company's "Share Trading Policy", which is available on the Company's website under "Investor Relations" and then "Governance".

The purpose of this policy is to assist directors and employees to avoid conduct which could be construed as insider trading. The policy provides guidance as to when trading in the Company's securities is prohibited.

Dealing through Third Parties

The prohibition extends to dealings by the directors and employees through nominees, agents or other associates, such as superannuation funds, family members, family trusts and family companies.

Facilitate Digital Employee Share Option Plan (ESOP)

The prohibition does not apply to applications for options resulting from the operation of the Facilitate Digital Employee Share Option Plan (the Plan).

The prohibition could apply to the exercise of options issued under the Plan if the employee was in possession of price sensitive information at that time.

The prohibition does apply to the disposal of shares acquired under the Plan.

Share Trading Guidelines

Directors and employees of the Facilitate Group should not buy or sell securities in the Company when they are in possession of price sensitive information which is not generally available to the market.

Given the obligations arising from the continuous disclosure rules imposed by the ASX, it is no longer relevant to restrict trading in the company's shares to specific "windows" following the issue of half-yearly and annual financial statements.

In addition, to avoid any adverse inference being drawn of unfair trading, directors and employees should not, if at all possible, engage in short term (i.e. less than 12 months) trading in the Company's securities or deal in its securities during the period from close of books to the day following:

- release of the half-yearly results;
- release of the yearly results;

and

- the two week period immediately preceding and one day following the Annual General Meeting; at which time it is customary for price sensitive information to be released.

Approval to Trade in Securities

Prior to a director buying, selling or exercising options over the Company's securities the director must advise the Chairman of their intentions and not proceed until approval in writing to the transaction has been granted by the Chairman.

Prior to an employee buying, selling or exercising options over the Company's securities the employee must advise the Chairman or the Company Secretary of their intentions and not proceed until approval in writing to the transaction has been granted by the Chairman or the Company Secretary.

ASX Notification

ASX Listing Rule 3.19B obliges directors to notify the Company after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director. The Company in turn must notify the ASX within 5 business days of any change in the relevant interest of the director.

1.4.10 Performance Review/Evaluation

Each year the Board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company and to ensure that an appropriate mix of skills is available to the Company at Board level. The process for this evaluation has been by discussion among the directors. The Company had previously flagged its intention to appoint new independent directors, and this led to Messrs Simson & Geoff Dixon being appointed as directors.

1.4.11 Attestations by CEO and GFC

In accordance with the Board's policy, the CEO and the Group Financial Controller (GFC) have made the attestations recommended by the ASX Council as to the Company's financial condition prior to the Board signing this Annual Report. The CEO and the GFC will also be required to state in writing to the Board that the attestation in relation to the financial statements is founded on a sound system of risk management and that this system is operating efficiently and effectively in all material aspects.

2. Board Committees

2.1 Audit & Risk Committee

The Audit & Risk Committee was formed by a resolution of the Board. The "Audit & Risk Committee Charter "is available on the Company's website under "Investor Relations" and then "Governance".

2.1.1 Role

The Audit & Risk Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

2.1.2 Composition

Members are appointed by the Board from amongst the non- executive directors. The members of the Audit & Risk Committee are as follows:

- Mr. Sweeney (Committee Chairman)
- Mr. Simson
- Mr. Geoff Dixon

2.1.3 Responsibilities

The Audit & Risk Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board and recommends their approval.

The Audit & Risk Committee also recommends to the Board the appointment of the external auditor and, each year, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal. The external auditor must be independent of the Company and have arrangements in place for rotation of the audit partner on a regular basis. The Board considers that Ernst & Young meets these criteria.

The Audit & Risk Committee is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

The Remuneration Committee was formed by a resolution of the Board. The “Remuneration Committee Charter” is available on the Company’s website under “Investor Relations” and then “Governance”.

2.2.1 Role

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

2.2.2 Composition

Mr. Geoff Dixon, Mr. Simson and Mr. Sweeney are the members of the Remuneration Committee.

Mr. Simson is the Chairman of the Remuneration Committee, and an independent director.

The remuneration committee convened once during the year.

2.2.3 Responsibilities

The responsibilities of the Remuneration Committee include setting policies for senior officers’ remuneration, setting the terms and conditions of employment for the CEO, reviewing and making recommendations to the Board on the Company’s incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and making recommendations to the Board on any proposed changes and undertaking an annual review of the CEO’s performance, including, setting with the CEO goals for the coming year and reviewing progress in achieving those goals.

2.2.4 Remuneration Policy

2.2.4.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, the remuneration of senior executives may be comprised of the following:

- a fixed salary that is determined from a review of the markets and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in an equity based scheme with thresholds approved by the directors; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

2.2.4.2 Non-Executive Director Remuneration Policy

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors.

Non-executive directors are entitled to statutory superannuation.

2.3 Nomination Committee

The Company does not have a Nomination Committee as the Board considers that the full Board is currently a more efficient mechanism for focusing the Company on specific issues.

2.3.1 Criteria for Selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the digital marketing industry. In addition, directors should have the relevant blend of personal experience in:

- accounting and financial management;
- legal skills; and
- CEO-level business experience.

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The "Company Code of

Conduct" was adopted by resolution of the Board and is available on the Company's website under "Investor Relations" and then "Governance".

This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavours to provide a safe workplace in which there are equal opportunities for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

Responsibilities to the Community

As part of the community, the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to their local community.

Responsibility to the Individual

The Company is committed to keeping private information from employees confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Employees and directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

The Company complies with all legislation affecting its operations. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

4. Risk management

Risk management is considered a key governance and management process. Therefore, the primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting are achieved; and
- senior management, the Board and investors understand the risk profile of the Company. In line with these objectives the risk management policy covers:
  - operations risk;
  - financial reporting; and
  - compliance

Management reviews all major strategies and purchases for their impact on the risk facing the Company and makes appropriate recommendations to the Board. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process.

The Board receives an annual report on those areas of risk identified by management. In addition, as specified by Recommendation 7.2 of the ASX Guidelines, the CEO and Group Financial Controller provide a written assurance that the risk management system is effective, efficient and accurately reflected in the Company's financial statements.

The Board has identified a range of specific risks that have the potential to have an adverse impact on its business and these are the areas covered by the annual report to the Board.

- Operational Risk – Insurance – Litigation – Business continuity – Disaster recovery
- Financial Risk – Treasury and finance – Foreign exchange risk – Interest rate risk – Credit risk – Liquidity risk
- Compliance Risk – Regulatory compliance.

Hedging Policy

No Company employee is permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any Company equity-based remuneration scheme currently in operation or which will be offered by Company in the future.

Financial Statements for the year ended 30 June 2010

Statement of Financial Position as at 30 June 2010

		Consolidated	
	Notes	2010	2009
		$	$
ASSETS			
Current Assets			
Cash & cash equivalents	13	**1,435,366**	1,425,950
Trade and other receivables	14	**1,720,053**	1,428,275
Other current assets	15	**7,333**	23,288
Total Current Assets		**3,162,752**	2,877,513
Non Current Assets			
Property, plant and equipment	16	**157,484**	205,297
Goodwill and intangible assets	17	**3,230,864**	3,011,863
Other non-current assets	18	**470,745**	451,844
Total Non Current Assets		**3,859,093**	3,669,004
Total Assets		**7,021,845**	6,546,517
LIABILITIES			
Current Liabilities			
Trade and other payables	19	**1,624,057**	1,797,129
Finance lease liabilities	31(b)	**32,865**	34,576
Current tax liabilities	9(c)	**44,670**	155,519
Provisions	20	**468,052**	370,375
Total Current Liabilities		**2,169,644**	2,357,599
Non Current Liabilities			
Finance lease liabilities	31(b)	**65,730**	69.153
Provisions	21	**68,365**	93,547
Total Non Current Liabilities		**134,095**	162,700
Total Liabilities		**2,303,739**	2,520,299
Net Assets		**4,718,106**	4,026,218
EQUITY			
Issued Capital	23(b)	**14,014,642**	13,298,055
Foreign Currency Reserve	24(a)	**(206,526)**	(112,539)
Other Reserves	24(b)	**320,686**	264,247
Retained Earnings/(Accumulated losses)	24	**(9,410,696)**	(9,423,544)
Total Equity		**4,718,106**	4,026,218

Statement of comprehensive income for the year ended 30 June 2010

		Consolidated	
	Notes	**2010**	2009
		$	$
Continuing Operations			
Rendering of services		**7,395,755**	6,383,054
Interest revenue		**19,080**	24,210
Revenue		**7,414,835**	6,407,264
Cost of Sales		**(948,534)**	(1,163,993)
Gross Profit		**6,466,301**	5,243,271
Other income	5	**95,377**	56,674
Marketing expenses		**(40,263)**	(70,989)
Occupancy expenses		**(429,408)**	(523,190)
Administrative expenses		**(4,480,524)**	(4,185,059)
Amortisation of capitalised development costs	17	**(1,643,737)**	(1,200,960)
Finance costs		**(33,004)**	(12,635)
Gain/(loss) on foreign exchange		**26,326**	14,507
Profit/(loss) from continuing operations before income tax		**(38,931)**	(678,382)
Income tax benefit/(expense)	9(a)	**51,779**	(1,546,113)
Profit/(loss) from continuing operations after income tax		**12,848**	(2,224,495)
Discontinued Operations			
Profit/(loss) from discontinued operations after income tax	10(a)	**-**	(6,938,991)
Net Profit/(loss) for the period		**12,848**	(9,163,486)
Other comprehensive income			
Foreign currency translation	24(a)	**(93,987)**	(112,539)
Income tax on items of other comprehensive income		**-**	-
Other comprehensive income for the period net of tax		**(93,987)**	(112,539)
Total comprehensive (loss)/income for the period		**(81,139)**	(9,276,025)

	Cents	Cents
EARNINGS/(LOSS) PER SHARE		
Earnings/(Loss) per share for profit from continuing operations attributable to the ordinary equity holders of the Company (note 12)		
Basic and diluted earnings / (loss) per share	**0.01**	(1.87)
Earnings/(Loss) per share for profit attributable to the ordinary equity holders of the Company (note 12)		
Basic and diluted earnings / (loss) per share	**0.01**	(7.71)

Statement of Changes in Equity for the year ended 30 June 2010

Consolidated	Note	Ordinary Shares	Retained Earnings	ESOP Reserve	Foreign Currency Translation	Total
		$	$	$	$	$
Balance at 1 July 2008		12,698,833	(260,058)	181,237	-	12,620,012
Profit/(loss) for the period		-	(9,163,486)	-	-	(9,163,486)
Other comprehensive income		-	-	-	(112,539)	(112,539)
Total comprehensive loss for the period		-	(9,163,486)	-	(112,539)	(9,276,027)
Shares issued during the year		1,022,112				1,022,112
Share cancellation (Note 10(e))		(422,890)				(422,890)
Share based payments		-	-	83,010	-	83,010
Sub-total		599,222	(9,163,486)	83,010	(112,539)	(8,593,795)
Balance at 30 June 2009		**13,298,055**	**(9,423,544)**	**264,247**	**(112,539)**	**4,026,218**
Profit/(loss) for the period		-	12,848	-	-	12,848
Other comprehensive income	24(a)	-	-	-	(93,987)	(93,987)
Total comprehensive loss for the period		-	12,848	-	(93,987)	(81,139)
Shares issued during the year	23(b)	760,326	-	-	-	760,326
Costs of equity raising	23(b)	(43,739)	-	-	-	(43,739)
Share based payments	29(a)	-	-	56,439	-	56,439
Sub-total		716,587	12,848	56,439	(93,987)	691,887
Balance at 30 June 2010		**14,014,642**	**(9,410,696)**	**320,686**	**(206,526)**	**4,718,106**

Statement of Cash flows for the year ended 30 June 2010

		Consolidated	
	Note	**2010**	2009
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**7,438,282**	10,566,609
Payments to suppliers and employees		**(6,141,671)**	(10,064,287)
Capitalised development costs	17	**(1,862,738)**	(1,856,345)
Government grant		**-**	96,674
Finance costs		**(33,004)**	(71,130)
Income tax paid	9(c)	**(51,306)**	(11,920)
Net cash used in operating activities		**(650,437)**	(1,340,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	**(78,582)**	(66,573)
Disposal of property, plant and equipment	16	**2,768**	-
Interest received		**19,080**	34,042
Proceeds from the disposal of Impact Data	10(f)	**-**	(6,290)
Opening cash received – Facilitate Europe	30	**-**	9,727
Net cash provided by (used in) investing activities		**(56,734)**	(29,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	23(b)	**760,326**	946,777
Repayment of Borrowings		**-**	220,654
Cost of equity raising	23(b)	**(43,739)**	-
Net cash provided by (used in) financing activities		**716,587**	1,167,431
Net increase (decrease) in cash held		**9,416**	(202,061)
Cash at beginning of financial year		**1,425,950**	1,628,011
Cash at end of financial year	13	**1,435,366**	1,425,950

Notes to the Financial Statements for the year ended 30 June 2010

Note 1: Corporate Information

The financial report of Facilitate Digital Holdings Limited (the Company) for the year ended 30 June 2010 was authorised by the Directors, for issue in accordance with a resolution of the Board on 27 September 2010. The entity's owners or others have the power to amend the financial statements after issue, if found to be applicable.

Facilitate Digital Holdings Limited (the parent) 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.

Note 2: Basis of Preparation and Accounting Policies

a) Compliance with IFRS

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

b) New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2009.

- AASB 8 and AASB 2007-3 Operating Segments and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations effective 1 January 2009
- AASB 3 (Revised) Business Combinations effective 1 July 2009
- AASB 127 (Revised) Consolidated and Separate Financial Statements effective 1 July 2009
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 8 Operating segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

AASB 3 Business combinations

AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results in the period when an acquisition occurs and future reported results.

AASB 101 Presentation of financial statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

(ii) Accounting Standards and interpretations issued but not yet effective

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 ended 30 June 2010. The new or amended accounting standards which may have an impact on the financial statements of the Group and/or the company are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9 and AASB 2009-11	Financial Instruments and 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]	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2013	The Group has not yet determined the extent of the impact, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.	1 January 2011	This revision is only expected to impact the disclosure of the Group's related party transactions. However, the Group has not yet determined the extent of the impact, if any.	1 July 2011
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. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.	1 January 2011	The Group has not yet determined the extent of the impact, if any.	1 July 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The Group has not yet determined the extent of the impact, if any.	1 July 2011

c) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Facilitate Digital Holdings Limited and its controlled entities. Facilitate Digital Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Facilitate Digital Holdings Limited and controlled entities complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the comparatives, the 2009 results of the Impact Data Group appear as one line ("Discontinued operations") in the Statement of Comprehensive Income and with the exception of the comparative Statement of Cash Flows, are not otherwise included in the financial statements.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

d) Continuation as a going concern

The accounts have been prepared on a going concern basis as the Directors are confident that the company can meet its debts as and when they become due and payable.

Accounting Policies

(a) Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of Facilitate Digital Holdings Limited and its subsidiaries as at 30 June each year.

Subsidiaries are all those entities over which the Facilitate Digital Holdings Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

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 intragroup transactions have been eliminated in full.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

(b) Business Combination

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree did not affect previously recognized goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(c) Foreign Currency Translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars ($). The overseas subsidiaries' functional currency is the local currency or currencies utilised in that location, which is translated to presentation currency (see below).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency

The results of the overseas subsidiaries are translated into Australian Dollars utilising the average exchange rate for the year. Assets and liabilities are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognised in the foreign currency reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in overseas subsidiaries are taken to the foreign currency reserve. If control is lost of a foreign operation the exchange differences recognised in reserves will be transferred out of equity and recognised in the statement of comprehensive income.

(d) Income Tax

Taxation has been calculated based upon a grouping of companies for tax purposes, where available.

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Net deferred tax assets are reviewed on a half-yearly basis and as a result, $1,306,411 of net deferred tax assets was derecognised at December 31, 2008.

(e) Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

(f) Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Leasehold improvements	25%
Office/Computer Equipment	33%
Furniture	100%
Software	40%
Leased Assets	25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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 asset 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 recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(h) Financial Assets

Financial instruments are recognised and de-recognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, joint ventures are accounted for under the proportionate method in the consolidated financial statements.

(i) Financial Instruments

Financial Assets at Fair Value through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statement in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Income Statement.

(j) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Impairment testing is performed annually for goodwill.

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

(k) Interests in Jointly Controlled Entity

The Group had an interest in a joint venture that is a jointly controlled operation. The Group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of services by the jointly controlled operation.

(l) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents, trademarks, customer databases and licences

Patents, trademarks, customer databases and licences are recognised at cost of acquisition, and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over 4 years from the date of purchase.

Research and development

Research costs are expensed as incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a straight line basis over a 4 year period once the products or services to which the costs relate have been commercialised or are being sold to customers.

(m) Provisions and Employee Benefits

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.

When 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 statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Equity-settled compensation

The Group provides benefits to its employees (including KMP) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits, being the Employee Share Option Plan (ESOP), which provides benefits to all staff except for directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method.

In valuing equity-settled transactions, no account is taken of any vesting conditions, as there are no market based vesting conditions.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

(o) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise short term investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short term cash commitments (rather than for investment or other purposes) and include: cash, liquid assets, bank accounts and overdrafts.

(p) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent 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:

(i) Rendering of services

Revenue from software access services is recognised when there has been a transfer of risks and rewards to the customer through the execution of a sales agreement at the time of granting access and the customer has received the benefit of such access.

Revenue from contract software development services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to project milestones for each contract with the customer. As the contracts are relatively short, there is only a small amount outstanding at balance date; as such the level of judgment required is minimal. All revenue is stated net of the amount of goods and services tax (GST).

(ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method.

(q) Borrowing Costs

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

(r) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for the past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(t) Comparative Figures

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

(u) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(v) Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(w) Earnings/(loss) per share

Basic earnings/(loss) per share is determined by dividing the profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the period. The computation of diluted profit/(loss) per share is similar to basic profit/(loss) per share, except that it assumes the potentially dilutive securities, such as share options, were converted to shares as of the beginning of the period. For all periods presented, diluted profit/(loss) per share is equivalent to basic profit/(loss) per share as the potentially dilutive securities are excluded from the computation of diluted profit/(loss) per share because the effect is anti-dilutive.

(x) Rounding

Amounts in this report are rounded to the nearest $1 and therefore totals will not always agree exactly.

Note: 3: Financial Risk Management Objectives and Policies

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The director's overall risk management strategy seeks to assist the group in meeting its financial targets, whilst minimising potential effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 June 2010.

Financial Risk Exposures and Management

(i) Interest Rate Risk

Interest-bearing assets are held with the Commonwealth Bank and the Hong Kong & Shanghai Banking Corporation and subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest-rate risk. The group however does not maintain any borrowings at present.

(ii) Foreign Currency Risk

The group is exposed to fluctuations in foreign currency arising from transactions in currencies other than the functional currencies of entities within the group.

(iii) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The group believes the sound relationship with its banking institutions mitigates this risk significantly.

(iv) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There was no material amount of collateral held as security at 30 June 2010.

The group does not have any material credit risk exposures to any single receivable or group of receivables under financial instruments entered into by the group.

Credit risk is reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The group has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

(v) Price Risk

The group is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The group is not exposed to commodity price risk.

b. Liquidity Risk and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement of all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Consolidated	< 6 months		6 – 12 months		1 to 5 Years		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$	$	**$**	$	**$**	$	**$**	$
Financial Assets								
Cash and cash equivalents	**1,435,366**	1,425,950	**-**	-	**-**	-	**1,435,366**	1,425,950
Loans and receivables	**1,727,386**	1,451,563	**-**	-	**717,576**	451,844	**2,444,962**	1,903,407
Total Financial Assets	**3,162,752**	2,877,513	**-**	-	**717,576**	451,844	**3,880,328**	3,329,357
Financial Liabilities								
Trade & other payables	**1,548,727**	1,225,381	**120,000**	727,268	**-**	-	**1,668,727**	1,952,648
Finance Lease liabilities	**16,433**	17,288	**16,433**	17,288	**65,730**	69,153	**98,595**	103,729
Total Financial Liabilities	**1,565,160**	1,242,669	**136,433**	744,556	**65,730**	69,153	**1,767,322**	2,056,377

The Group has no financial assets or liabilities greater than 5 years.

c. Net fair values

The aggregate net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet and in the notes to the financial statements. The group does not have any listed investments or unrecognised financial instruments at the year end. No financial assets and financial liabilities are readily traded on organised markets.

d. Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk at balance date. This sensitivity analysis demonstrates the effect of the current year results which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2010, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Interest Rate Risk	**Consolidated**	
	2010	2009
	$	$
Change in profit/(loss)		
Increase in interest rate by 2%	**16,762**	22,110
Decrease in interest rate by 2%	**(14,603)**	(22,110)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Foreign Currency Risk Sensitivity Analysis

At 30 June 2010, the effect on profit as a result of changes in the foreign currency exchange rates, with all other variables remaining constant would be as follows:

Foreign Currency Risk	**Consolidated**	
	2010	2009
	$	$
Change in profit/(loss)		
Increase in AUD exchange rate by 5%	**(19,220)**	(3,366)
Decrease in AUD exchange rate by 5%	**17,020)**	3,406

The above foreign currency sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Note 4: Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Impairment of intangible assets including capitalised development costs

The Group assesses impairment of intangible assets including capitalised development costs at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. It has been assessed that no impairment indicators have arisen during the reporting period and no impairment losses have been booked.

Taxation

Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation.

These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis.

The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill, includes a sensitivity analysis.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using the Black-Scholes' formula taking into account the terms and conditions upon which the instruments were granted.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 5: Other Income

	Consolidated	
	2010	2009
	$	$
Government grants	**50,000**	56,674
Unwinding of discounting on deferred consideration receivable	**45,377**	-
Total other income	**95,377**	56,674

Note 6: Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group sells primarily one product therefore the reportable segments are based on the geographic location of each business unit.

The operating segments are organised and managed separately in each location, with all units providing the same product, but with each segment representing a strategic business unit.

Transfer prices between operating segments is set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation.

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the years ended 30 June 2010 and 30 June 2009.

	Continuing Operations			
	Asia Pacific	Europe	Other	Total
Revenue for the year ended 30 June 2010				
Sales to external customers	3,698,768	2,942,532	754,455	7,395,755
Interest revenue	19,073	7	-	19,080
Total revenue per the statement of comprehensive income	3,717,841	2,942,539	754,455	7,414,835
Result for the year ended 30 June 2010				
Segment net operating profit/(loss) after tax	337,241	(74,264)	(250,129)	12,848
Income tax expense/(benefit)				(51,779)
Net profit/(loss) before tax per the statement comprehensive income				(38,931)
Assets and liabilities				
Segment assets	2,233,472	938,070	619,439	3,790,981
Intangibles	3,070,536	160,327	-	3,230,864
Total assets	5,304,008	1,098,398	619,439	7,021,845
Segment liabilities	1,795,491	206,846	301,402	2,303,739
Total liabilities	1,795,491	206,846	301,402	2,303,739
Other segment information	**Asia Pacific**	**Europe**	**Other**	**Total**
Capital expenditure	(28,231)	(49,423)	(927)	(78,582)
Depreciation and amortisation	(1,715,288)	(19,525)	(24,968)	(1,759,781)
Other non-cash expenses	(137,037)	(28,408)	(18,014)	(183,459)

	Continuing Operations			
	Asia Pacific	**Europe**	**Other**	**Total**
Revenue for the year ended 30 June 2009				
Sales to external customers	4,112,646	1,939,324	331,084	6,383,054
Interest revenue	24,093	117	-	24,210
Total revenue per the statement of comprehensive income	4,136,739	1,939,441	331,084	6,407,2643
Result for the year ended 30 June 2009				
Segment net operating profit/(loss) after tax	(2,230,964)	(36,672)	43,141	(2,224,495)
Income tax expense/(benefit)				1,546,113
Net profit/(loss) before tax per the statement comprehensive income				(678,382)
Assets and liabilities				
Segment assets	2,527,484	914,841	92,330	3,534,654
Intangibles	2,851,535	160,327	-	3,011,863
Total assets	5,379,019	1,075,169	92,330	6,546,517
Segment liabilities	1,905,357	382,160	232,781	2,520,299
Total liabilities	1,905,357	382,160	232,781	2,520,299
Other segment information	**Asia Pacific**	**Europe**	**Other**	**Total**
Capital expenditure	(13,909)	(31,940)	(105,561)	(151,410)
Depreciation and amortisation	(1,278,959)	(46,617)	(14,290)	(1,339,866)
Other non-cash expenses	(141,037)	(21,152)	(2,203)	(164,392)

Note 7: Expenses

	Consolidated	
	2010	2009
	$	$
Profit/(loss) before income tax has been determined after:		
Expenses:		
Employee benefit expense:		
Wages and salaries	**3,015,487**	2,635,906
Defined contribution superannuation expense	**116,176**	109,845
Other employee benefit expenses	**313,096**	221,216
Total employee benefit expense	**3,444,759**	2,966,967

	Consolidated	
	2010	2009
	$	$
Other expenses:		
Operating lease payments	**354,617**	449,124
Finance costs - external	**33,004**	12,635
Foreign currency translation losses/(gains)	**(26,326)**	(14,507)
Bad and doubtful debts	**(15,565)**	36,445
Depreciation and amortisation expense:		
Depreciation of plant and equipment	**116,044**	105,321
Amortisation of non-current assets	**1,643,737**	1,234,545
Total depreciation and amortisation	**1,759,781**	1,339,866

Note 8: Revisions of Accounting Estimates

During the year, the company ceased using services relating to implementation and management of the company's products. As a result the estimation of fees payable for these services was revised down. The net effect of the changes in the current financial year was a decrease in cost of sales of $321,492.

Given that the related contract period has now expired, the revised estimate will have no further effect in future years.

Note 9: Income Tax

a) Income Tax Expense:

	Consolidated	
	2010	2009
	$	$
The major components of income tax expense are:		
Current income tax		
Current income tax charge	**65,219**	155,519
Adjustments in respect of current income tax of previous years	**(116,998)**	(2,898)
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	1,393,492
Income Tax expense/(benefit) reported in the Statement of Comprehensive Income	**(51,779)**	1,546,113

b) Numerical reconciliation between aggregate tax expense recognised in the statement of Comprehensive Income and tax expense calculated per the statutory income tax rate:

	Note	Consolidated 2010	2009
		$	$
Accounting profit/(loss) before tax from continuing operations		**(38,931)**	**(678,382)**
Accounting profit/(loss) before tax from discontinued operations		**-**	**(6,938,991)**
Total accounting profit/(loss) before income tax		**(38,931)**	**(7,617,373)**
At the Parent Entity's statutory income tax rate of 30% (2009: 30%)		**(11,679)**	**(2,285,212)**
Adjustment in respect of current income tax of previous years		**(116,998)**	**(2,898)**
Foreign tax rate adjustment		**32,451**	**22,569**
Loss on disposal of investment		**-**	**2,081,697**
Non-deductible expenses		**(20,812)**	**35,835**
Tax losses utilised		**(45,388)**	**-**
Research & development claim		**(186,609)**	**(171,774)**
Current year losses not recognised		**318,237**	**473,074**
Reversal of deferred tax asset recognised in prior year		**-**	**1,306,411**
Other		**(20,980)**	**86,411**
Aggregate income tax expense/(benefit)		**(51,779)**	**1,546,113**

c) Current Tax Liability:

	Consolidated 2010	2009
	$	$
Balance at the beginning of the period	**155,519**	16,390
Charged to income	**65,219**	155,519
Adjustments in respect of current income tax of previous years	**(116,998)**	(11,057)
Foreign exchange translation	**(7,763)**	(2,004)
Other payments	**(51,306)**	(3,329)
Balance at the end of the period	**44,670**	155,519

d) Recognised deferred tax assets and liabilities

	Consolidated	
	2010	2009
	$	$
Deferred income tax at 30 June 2010 relates to the following:		
Deferred tax liabilities		
Development costs	**893,726**	855,460
License costs	**-**	1,853
Gross deferred tax liabilities	**893,726**	857,313
Set off of deferred tax assets	**(893,726)**	(857,313)
Net deferred tax liabilities	**-**	-
Deferred tax assets		
Doubtful debts	**358**	12,202
Provisions	**305,782**	393,239
Future tax benefits of current year losses	**329,946**	451,872
Future tax benefit of prior year losses	**256,030**	-
Other	**1,610**	-
Gross deferred tax assets	**893,726**	857,313
Set-off of deferred tax liabilities	**(893,726)**	(857,313)
Net deferred tax assets	**-**	-

e) Tax Losses

The Group has Australian tax revenue losses for which no deferred tax asset is recognised on the statement of financial position of $5,458,307 which are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

This deferred income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with, including Continuity of Ownership and Same Business Tests; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The Group has Australian capital losses arising from the sale of Impact Data Pty Ltd for which no deferred tax asset is recognised on the balance sheet.

f) Tax consolidation

Facilitate Digital Holdings Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 12 April 2007. Facilitate Digital Holdings Limited is the head entity of the tax consolidated group.

The head entity 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. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Note 10: Discontinued Operations

(a) Income Statement

	Impact Data	
	2010	12 June 2009
	$	$
Revenue	-	3,694,840
Expenses	-	(4,412,525)
Gross profit/(loss)	-	(717,685)
Impairment charges (note 10(c))	-	(6,065,493)
Loss on disposal (note 10(e))	-	(152,924)
Profit / (Loss) before tax from discontinued operations	-	(6,936,102)
Income tax expense	-	(2,889)
Profit / (Loss) from discontinued operations after tax	-	(6,938,991)

(b) Cash Flow Statement

The net cash flows of the discontinued operations of the Impact Data Group which have been incorporated into the cash flow statement are as follows:

	Impact Data	
	2010	12 June 2009
Net cash outflow from operating activities	-	(317,632)
Net cash outflow from investing activities	-	(18,601)
Net cash outflow from financing activities	-	-
Net cash (decrease) in cash generated by the discontinued entities	-	(336,233)

(c) Impairment Loss

	30 June 2009
	$
Opening balance of goodwill 1 July, 2008	19,582,804
Reduction of current liability to original vendors (i)	(4,000,000)
Reduction of non-current liability to original vendors (ii)	(9,320,633)
	6,262,171
Recoverable amount of goodwill	(196,678)
Impairment loss relating to Impact Data and Purus Energy goodwill	6,065,493

i. The liability for the $4m interim cash consideration arising from the Deed of Amendment as part of the acquisition has been de-recognised with a corresponding reduction in goodwill.

ii. The liability for the final consideration amounts owing as part of the Impact Data Group acquisition has been de-recognised with a corresponding reduction in goodwill.

iii. The reduction in liabilities on disposal was $13,320,633.

(d) Assets and Liabilities – Discontinued Operations

The major classes of assets and liabilities of the Impact Data Group at 12 June 2009 were as follows:

	12 June 2009
	$
Assets	
Intangibles	1,361,046
Property, plant & equipment	132,073
Trade and other receivables	495,465
Cash and equivalents	170,636
Other Assets	142,130
Goodwill on disposal	196,678
Assets on disposal	2,498,028
Liabilities	
Trade and other payables	1,601,370
Net deferred tax liabilities	88,359
Provisions	82,535
Liabilities on disposal	1,772,264
Net assets attributable to discontinued operations	725,764

(e) Sale Consideration

Cash	164,346
Cancellation of 6,506,005 shares @ $0.065 per share	422,890
Deferred cash payment of $650,000, due within 5 years, discounted at 12% p.a.	357,793
Total Disposal Consideration	945,029
Less net assets disposed of	(725,764)
Less disposal costs incurred	(372,189)
Loss on disposal before income tax	(152,924)

In addition to the consideration above, the loan provided to Impact Data Pty Ltd of $220,654 was repaid.

(f) Net cash inflow on disposal	12 June 2009
Cash and cash equivalents consideration	164,346
Less cash and cash equivalents balance disposed of	(170,636)
Reflected in the consolidated cash flow statement	(6,290)

(g) Sales Proceeds included in "Other Assets"

	2010	2009
	$	$
Non-current	357,793	357,793
Reduction in present value for the period	45,376	-
Present value of deferred consideration is shown in "Other Assets"	403,169	357,793

Note 11: Dividends

The Directors do not recommend the payment of a dividend and no dividend was paid or declared during the financial year. The Directors have not recommended the payment of a dividend and no dividend was paid or declared in period since the end of the 2010 financial year and the issuance of this report.

Note 12: Earnings per Share

	Consolidated	
	2010	2009
	Cents	Cents
Earnings per share attributable to members of Facilitate		
Basic and diluted earnings per share from continuing operations	**0.01**	(1.87)
Basic and diluted earnings per share including discontinued operations	**0.01**	(7.71)
Profit (Loss) attributable to members of Facilitate		
Net profit/(loss) from continuing operations	**$12,848**	($2,224,495)
Net loss from discontinued operation	**-**	($6,938,991)
Net profit/(loss) attributable to ordinary equity holders	**$12,848**	($9,163,486)
Weighted average number of shares		
Weighted average number of shares (basic and dilutive) as at 30 June	**122,607,531**	118,865,896

Note 13: Current Assets – Cash & Cash Equivalents

	Consolidated	
	2010	2009
	$	$
Cash at bank and in hand	**1,435,366**	1,425,950
	1,435,366	1,425,950

Note 14 Current Assets – Trade & Other Receivables

	Consolidated	
	2010	2009
	$	$
Current		
Trade receivables	**1,661,149**	1,451,822
Provision for impairment of trade receivables	**(7,207)**	(25,382)
Other receivables	**66,111**	1,836
	1,720,053	1,428,275

All trade debtors are unsecured and the Group does not hold collateral in relation to these debts apart from a standard retention of title clause. In most cases the fair value of the retention title approximates the carrying value of the trade debt. Amounts receivable to the Company from controlled entities of the Group are considered to be repayable in full.

Unimpaired receivables

As at 30 June 2010, trade receivables of $161,014 (30 June 2009: $100,293) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and management expects these receivables to be fully collectible. The ageing analysis of these trade receivables is as follows:

Unimpaired receivables	**2010**	2009
	$	$
0 to 30 days	**848,110**	645,820
30 to 60 days	**500,582**	529,325
60 to 90 days	**144,236**	151,002
90 to 180 days past due but not impaired	**143,275**	100,293
180 days and greater days past due but not impaired	**17,739**	-
	1,653,942	1,426,440

Impaired receivables

As at 30 June 2010, current trade receivables of the group with a nominal value of $7,207 (30 June 2009: $25,382) were impaired. The amount of the provision was $7,207 (30 June 2009: $25,382). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that no portion of these receivables are expected to be recovered.

The ageing of this group of receivables is as follows:

	2010	2009
	$	$
0 days to 180 days overdue	**-**	-
180 days and greater	**7,207**	25,382
	7,207	25,382

Note 15: Current Assets – Other

	Consolidated	
	2010	2009
	$	$
Current		
Prepayments	**7,333**	23,288
	7,333	23,288

Note 16: Non-current Assets – Property, Plant and Equipment

	Consolidated	
	2010	2009
	$	$
Plant and Equipment		
Office & Computer Equipment		
At cost	**342,577**	295,079
Accumulated depreciation	**(262,703)**	(200,088)
	79,875	94,991
Computer Software		
At Cost	**24,366**	11,861
Accumulated depreciation	**(14,031)**	(7,500)
	10,335	4,361
Furniture, Fixtures and Fittings		
At Cost	**19,379**	19,379
Accumulated depreciation	**(19,379)**	(18,224)
	-	1,155
Leasehold Improvements		
At Cost	**33,190**	33,190
Accumulated depreciation	**(27,537)**	(19,161)
	5,653	14,029
Leased Assets		
At Cost	**98,595**	103,728
Accumulated depreciation	**(36,973)**	(12,967)
	61,622	90,761
Total Property, Plant and Equipment	**157,484**	205,297

Movements in Carrying Amounts

Consolidated	Office & Computer Equipment	Computer Software	Furniture Fixtures & Fittings	Leasehold Improvement	Leased Assets	Total
	$	$	$	$	$	$
Balance at 01/07/2008	287,957	21,282	255	22,405	-	331,899
Additions	45,074	18,899	2,311	-	103,727	170,011
Disposals	(155,761)	(35,820)	-	-	-	(191,581)
Exchange difference	(749)	-	-	-	1,038	289
Depreciation expense	(81,530)	-	(1,411)	(8,376)	(14,004)	(105,321)
Balance at 30/06/2009	**94,991**	**4,361**	**1,155**	**14,029**	**90,761**	**205,297**
Additions	66,077	12,504	-	-	-	78,582
Disposals	(2,768)	-	-	-	-	(2,768)
Exchange difference	(2,615)	-	-	-	(4,969)	(7,584)
Depreciation expense	(75,811)	(6,531)	(1,155)	(8,376)	(24,171)	(116,044)
Balance at 30/06/2010	**79,875**	**10,335**	**-**	**5,653**	**61,622**	**157,484**

Note 17: Non-current Assets – Goodwill and Intangible Assets

	Consolidated	
	2010	2009
	$	$
Development		
Cost	**6,792,673**	4,929,934
Accumulated amortization	**(3,722,136)**	(2,078,399)
Net carrying value	**3,070,537**	2,851,535
Goodwill		
Cost	**160,327**	160,327
Impairment	**-**	-
Net carrying value	**160,327**	160,327
Total intangibles	**3,230,864**	3,011,863

Reconciliation of carrying amounts for the period ending 30 June 2010

Consolidated	Development	Trademarks and licences	Goodwill	Total
	$	**$**	**$**	**$**
At 1 July 2008 net of accumulated amortisation and impairment	2,889,764	1,085,764	19,582,804	23,558,332
Additions - internal development	1,856,345	-	-	1,856,345
Acquisition of subsidiary (note 30)	-	-	160,327	160,327
Amortisation	(1,200,960)	(33,585)	-	(1,234,545)
Reduction of liabilities owing to original vendors (note 10)	-	-	(13,320,633)	(13,320,633)
Assets included in discontinued operations (note 10)	(637,420)	(723,626)	(196,678)	(1,557,724)
Amortisation of assets included in discontinued operations	(56,193)	(335,329)	-	(391,522)
Impairment of assets included in discontinued operations (note 10)	-	-	(6,065,493)	(6,065,493)
Currency Translation	-	6,776	-	6,776
At 30 June 2009 net of accumulated amortisation and impairment	**2,851,536**	**-**	**160,327**	**3,011,863**
Additions - internal development	1,862,738	-	-	1,862,738
Amortisation	(1,643,737)	-	-	(1,643,737)
At 30 June 2010 net of accumulated amortisation and impairment	**3,070,537**	**-**	**160,327**	**3,230,864**

a) Description of the Group's intangible assets and goodwill

i. Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 4 years. The amortisation has been recognised in the income statement in the line item “depreciation and amortisation”. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

ii. Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (b) of this note).

b) Impairment losses recognised

i. Discontinued operations

Immediately before the classification of the Impact Data Group as a discontinued operation, the recoverable amount was estimated for the Group. An impairment loss of $6,065,493 was recognised to write-down the goodwill to fair value less costs to sell at 12 June 2009. The impairment loss has been recognised in the income statement in the line item "discontinued operations".

ii. Continuing operations

No impairment loss on goodwill was recognised for continuing operations in the 2010 financial year (2009: nil).

c) Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to and is tested at the level of its respective cash generating unit for impairment testing. Goodwill as of 30 June 2010 has been allocated to the Europe cash generating unit.

The recoverable amount of this cash generating unit has been determined based on fair value less costs to sell using a discounted cash flow approach. Projections are based on financial budgets and forecasts covering a five year period as there is no active market against which to compare the fair value of the unit. The pre-tax, risk-adjusted discount rate applied to these cash flow projections is 15% (2009: 15%) and cash flows beyond the five-year period are extrapolated using a 2% growth rate (2009: 2%).

The calculation of fair value less the cost to sell, are most sensitive to the gross margin used throughout the budget period. The gross margin is consistent with the gross margin achieved in the year preceding the start of the budget period and is maintained at this level throughout the budget period.

Note 18: Non-current Assets – Other

	Consolidated	
	2010	2009
	$	$
Prepayments	**-**	7,333
Net present value of deferred consideration (Note 10(g))	**403,169**	357,792
Other non-current assets	**67,576**	86,719
	470,745	451,844

Note 19: Current Liabilities – Trade and Other Payables

	Consolidated	
	2010	2009
	$	$
Trade payables	**344,636**	342,593
Sundry payables and accrued expenses	**1,279,421**	1,454,535
	1,624,057	1,797,129

Note 20: Liabilities – Provisions

	Unearned Revenue	Consolidated Employee Benefits	Total
	$	$	$
Opening balance at 1 July 2009	91,009	372,913	**463,922**
Net movement	(47,646)	120,141	**72,495**
Balance at 30 June 2010	**43,363**	**493,054**	**536,417**

Analysis of Total Provisions	**2010**	2009
Current	**468,052**	370,375
Non-current	**68,365**	93,547
	536,417	463,923

Note 21 Non-current Liabilities – Provisions

	Consolidated	
	2010	2009
	$	$
Long service leave	**68,365**	93,547
	68,365	93,547

Refer note 2(m) for the relevant accounting policy, significant estimations and assumptions applied in the measurement of this provision.

Note 22: Government Grants

	Consolidated	
	2010	2009
	$	$
Export Market Development Grant	**50,000**	56,674
	50,000	56,674

Note 23: Contributed Equity

		Consolidated	
		2010	2009
		$	$
a.	**Share Capital**		
	At 30 June		
	Issued and paid up capital		
	130,527,591 (2009: 121,023,519) ordinary shares	**14,014,642**	13,298,055
		14,014,642	13,298,055
b.	**Movement in Share Capital (Value)**		
	At 1 July	**13,298,055**	12,698,833
	Shares issued during the year		
	- Issue to EyeWonder Inc	**-**	500,000
	- Issue to purchase the minority interest in Facilitate Digital Europe Marketing Technology Ltd	**-**	75,334
	- Issue to EyeWonder Australia Pty Ltd	**-**	446,778
	- Rights issue, 1 for 12 to fund working capital	**760,326**	-
	- Costs in raising equity	**(43,739)**	
	Share buy-back		
	- Shares issued to vendors of Impact Data Pty Ltd for the purchase of the company (note 10(e)). The shares were cancelled on 28th August 2009.	**-**	(422,890)
	At 30 June	**14,014,642**	13,298,055

c. Movement in Share Capital (Number)

Number of Security Holders and Securities on Issue

Facilitate has issued 130,527,591 Ordinary Fully Paid Shares, all shares rank equally and each share carries one vote.

	Consolidated	
	2010	2009
	No.	No.
At 1 July	**121,023,519**	110,895,238
Shares issued during year		
- Issue to EyeWonder Inc	-	3,333,333
- Issue to purchase the minority interest in Facilitate Digital Europe Marketing Technology Ltd	-	376,670
- Issue to EyeWonder Australia Pty Ltd	-	12,924,283
- Rights issue, 1 for 12 to fund working capital	9,504,072	-
Share buy-back		
- Shares issued to vendors of Impact Data Pty Ltd for the purchase of the company (note 10(e)). The shares were cancelled on 28th August 2009.	**-**	(6,506,005)
At 30 June	**130,527,591**	121,023,519

d. Options

i. For information relating to the Facilitate Digital Holdings Limited Employee Share Option Plan, refer to Shareholder Information section of the annual report.

ii. For information relating to details of options issued, exercised and lapsed of key management personnel during the financial year, refer to the Remuneration Report section of this report.

iii. For information relating to share options issued to key management personnel during the financial year, refer to the Remuneration Report section of this report.

e. Capital Management

When managing capital, management's objective is to ensure the entity 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 entity.

Management are constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. On 30 April, 2010, 9,504,072 fully paid ordinary shares, at $0.08 per share, were issued through a fully underwritten 1 for 12 rights issue.

Note: 24: Retained Earnings / (Losses) and Reserves

	Consolidated	
	2010	2009
	$	$
Retained earnings/Accumulated (losses)		
Accumulated (losses) at the beginning of the financial year	**(9,423,544)**	(260,058)
Net profit /(loss) attributable to continuing operations of the Company	**12,848**	(2,224,495)
Net profit /(loss) attributable to discontinued operations of the Company	**-**	(6,938,991)
Accumulated losses at the end of the financial year	**(9,410,696)**	(9,423,544)

a. Foreign Currency Translation Reserve

Movements during the financial year:		
Opening balance	**(112,539)**	-
Adjustment arising from foreign exchange translation	**(93,987)**	(112,539)
Closing balance	**(206,526)**	(112,539)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

b. ESOP Reserve

Movements during the financial year:		
Opening balance	**264,247**	181,237
Additions	**56,439**	83,010
Closing balance	**320,686**	264,247

The employee equity benefits reserve is used to record the value of share based payments provided to employees, as part of their remuneration. Refer to note 29 for further details of these plans.

Note 25: Cash Flow Statement Reconciliation

(a). Reconciliation of net profit/(loss) after tax to net cash flows from operations

	Consolidated	
	2010	2009
	$	$
Profit/(loss) after income tax	**12,848**	(9,163,486)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- Amortisation	**1,643,737**	1,200,960
- Depreciation	**116,044**	105,321
- Currency translation	**(26,326)**	(14,507)
- Net Gain on disposal of equipment	**-**	-
- Loss on discontinued operations	**-**	6,938,991
- Share based payments expense	**56,439**	83,010
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in net deferred tax assets	**-**	1,306,441
- (Increase)/decrease in trade and term receivables	**(310,678)**	583,990
- (Increase)/decrease in other assets	**(1,925,941)**	(1,853,387)
- Increase/(decrease) in trade payables and accruals	**(289,055)**	(835,475)
- Increase/(decrease) in other payables and accruals	**72,495**	307,742
Cash flow from operating activities	**(650,437)**	(1,340,399)

(b). Non-cash financing and investing activities

	Consolidated	
	2010	2009
	$	$
Settlement of subsidiary purchase with shares (note 30)	**-**	75,334
Acquisition of assets by means of finance leases (note 31(b))	**-**	103,728
Cancellation of shares on the disposal of the Impact Data Group (note 10(e))	**-**	(422,890)

Note 26: Interest in Jointly Controlled Entity

Interest in Joint Venture Entity

Facilitate Digital Holdings Limited held a 50% interest in the Facilitate Digital Europe Marketing Technology Ltd joint venture until 31 August, 2008, whereupon Facilitate Digital Holdings Limited acquired the remaining 50% of the equity.

The Facilitate Group's share of assets employed in the joint venture were:

BALANCE SHEET	2010	31 Aug 2008
	$	$
Assets		
Plant and equipment	-	9,157
Deferred tax assets	-	29,404
Cash and cash equivalents	-	10,925
Trade and other receivables	-	32,717
Total assets	-	82,203
Liabilities		
Trade and other payables	-	151,737
Provision for annual leave	-	4,644
Other creditors	-	15,744
Total Liabilities	-	172,125
Net assets	-	(89,922)
Equity		
Issued Capital	-	51,587
Currency Reserve	-	1,492
Retained Earnings	-	(91,662)
Loss after tax	-	(51,339)
Total equity	-	(89,922)

INCOME STATEMENT		
For the period 1 July 2008 to 31 August 2008		
Revenue	-	17,315
Expenses	-	(41,079)
Amortisation of licence	-	(27,575)
Loss for period	-	(51,339)

Note 27: Related Party Disclosures

During the year, there have been dealings between the economic entity and other Related Parties. These transactions are normally entered into on terms equivalent to those prevailing on an arm's length basis in the ordinary course of business.

Legal Advice

Charles Sweeney, a Director of the Company, is a Partner of Cooper Grace Ward Lawyers (CGW), the Company's Corporate Solicitors. Transactions with CGW occur within a normal supplier relationship. Total fees expensed in the 2010 year amounted to $41,176 (2009: $37,158).

Note 28: Key Management Personnel

a) Key management personnel compensation

	2010	2009
	$	$
Short-term employee benefits	**1,600,129**	1,486,034
Post-employment benefits	**145,751**	104,982
Other long-term benefits	**76,606**	61,766
Termination benefits	**-**	-
	1,822,486	1,652,782

b) Options

Options were issued in relation to the Employee Share Option Plan which, are detailed in the Shareholder Information section of the annual report. There were no other options over ordinary shares issued during the year.

Options Holdings

The number of options over ordinary shares in the Company and options issued under the Employee Share Option Plan or those issued to the directors, held during the financial year by each director of the Company and other executive officers of the Group were as follows:

Options 2010	Balance 1.7.2009	Granted during the year	Options Exercised	Net Change Other* during year	Balance 30.6.2010	Vested & exercisable at year end
Directors						
Stuart Simson	-	750,000	-	-	750,000	750,000
Geoff Dixon	-	750,000	-	-	750,000	750,000
Charles Sweeney	5,249,105	-	-	-	5,249,105	5,249,105
Ian Lowe	3,724,321	-	-	-	3,724,321	3,724,321
Ben Dixon	9,802,097	-	-	-	9,802,097	9,802,097
Executives & other personnel						
Tom Peacock	1,440,000	-	-	(120,000)	1,320,000	1,070,000
Robyn Parker	327,500	-	-	(40,000)	287,500	225,000
Timothy Whitfield	508,616	-	-	(25,000)	483,616	483,616
Kees de Jong	387,500	-	-	(100,000)	287,500	225,000
Julian Baring	943,755	-		(119,810)	823,945	823,945
Damien Thomson	382,500	-	-	(80,000)	302,500	240,000
Michael Lane	5,104,992	-	-	-	5,104,992	5,104,992
Damien Healy	684,643	-	-	(48,929)	635,714	585,714
Oliver Weiss	-	75,000	-	-	75,000	37,500
Total	**28,555,029**	**1,575,000**	**-**	**(533,739)**	**29,596,290**	**29,071,290**

* Refers to options that were lapsed during the financial year.

Options 2009	Balance 1.7.2008	Granted during the year	Options Exercised	Net Change Other* during year	Balance 30.6.2009	Vested & exercisable at year end
Directors						
Charles Sweeney	5,249,105	-	-	-	5,249,105	5,249,105
Ian Lowe	3,724,321	-	-	-	3,724,321	3,724,321
Ben Dixon	9,802,097	-	-	-	9,802,097	9,802,097
Robert Hunwick	2,357,864	-	-	-	2,357,864	2,357,864
Tim Norton	6,180,302	-	-	-	6,180,302	6,180,302
Peter Vial	-	-	-	-	-	-
Timothy Stroh #	-	-	-	-	-	-
Executives & other personnel						
Tom Peacock	515,000	1,000,000	-	(75,000)	1,440,000	865,000
Robyn Parker	175,000	187,500	-	(35,000)	327,500	202,500
Timothy Whitfield	533,616	-	-	(25,000)	508,616	75,000
Kees de Jong	100,000	307,500	-	(20,000)	387,500	262,500
Julian Baring	500,000	490,000		(46,245)	943,755	943,755
Damien Thomson	215,000	187,500	-		382,500	257,500
Michael Lane	5,104,992	-	-	-	5,104,992	5,104,992
Damien Healy	200,000	500,000	-	(15,357)	684,643	584,643
James O'Toole	515,000	-	-	(515,000)	-	-
Charles Tidswell	215,000	-	-	(215,000)	-	-
Tracy McCormack	150,000	-	-	(150,000)	-	-
Paul Southwick	500,000	-	-	(500,000)	-	-
Total	**36,037,297**	**2,672,500**	**-**	**(1,616,602)**	**37,093,195**	**24,670,839**

* Refers to options that were forfeited or lapsed during the financial year.

Alternate Director

Options were issued in relation to the Employee Share Option Plan to executives and these are detailed in the above table.

There were no other options, over ordinary shares, issued to executives during the year.

c) Shareholdings

The number of shares in the Company held during the financial year by each director of the Company and other executive officers of the Group were as follows:

Shares 2010	Balance 1.7.2009	Granted as remuneration	Exercised	Net Change Other* during year	Balance 30.6.2010
Directors					
Stuart Simson	-	-	-	620,436	620,436
Geoff Dixon	-	-	-	1,620,436	1,620,436
Charles Sweeney	7,996,095	-	-	-	7,996,095
Ian Lowe	5,936,204	-	-	1,022,619	6,958,823
Ben Dixon	15,403,295	-	-	1,283,608	16,686,903
Executives & other personnel					
Tom Peacock	115,250	-	-	470,350	585,600
Robyn Parker	-	-	-	-	-
Timothy Whitfield	552,828	-	-	-	552,828
Kees de Jong	-	-	-	-	-
Julian Baring	-	-	-	-	-
Damien Thomson	340,000	-	-	-	340,000
Michael Lane	7,462,130	-	-	-	7,462,130
Damien Healy	440,000	-	-	-	440,000
Total	**38,245,802**	**-**	**-**	**5,017,449**	**43,263,251**

* Refers to shares purchased, sold or cancelled during the financial year.

There were no shares granted during the reporting period as compensation and there were no unissued ordinary shares of Facilitate Digital Holdings Limited during the year.

Shares 2009	Balance 1.7.2008	Granted as remuneration	Exercised	Net Change Other* during year	Balance 30.6.2009
Directors					
Charles Sweeney	7,926,095	-	-	70,000	7,996,095
Ian Lowe	5,856,204	-	-	80,000	5,936,204
Ben Dixon	15,403,295	-	-	-	15,403,295
Robert Hunwick	3,781,730	-	-	(12,142)	3,769,588
Tim Norton	9,741,902	-	-	-	9,741,902
Peter Vial	824,573	-	-	(824,573)	-
Timothy Stroh #	1,223,780	-	-	(1,223,780)	-
Executives & other personnel					
Tom Peacock	-	-	-	115,250	115,250
Robyn Parker	-	-	-	-	-
Timothy Whitfield	592,828	-	-	(40,000)	552,828
Kees De Jong	-	-	-	-	-
Julian Baring	-	-	-	-	-
Damien Thomson	-	-	-	340,000	340,000
Michael Lane	7,462,130	-	-	-	7,462,130
Damien Healy	-	-	-	440,000	440,000
James O'Toole	4,400	-	-	-	4.400
Charles Tidswell	-	-	-	-	-
Tracy McCormack	-	-	-	-	-
Paul Southwick	-	-	-	-	-
Total	**52,816,937**	**-**	**-**	**(1,055,245)**	**51,761,692**

* Refers to shares purchased, sold or cancelled during the financial year.

Alternate Director

There were no shares granted during the reporting period as compensation and there were no unissued ordinary shares of Facilitate Digital Holdings Limited during the year.

Note 29: Share Based Payments

Set out below is a summary of initial and performance options and share based payments.

	Issue Date	Expiry Date	Exercise Price $	Balance at beginning of year (Number)	Issued during the year (Number)	Exercised during the year (Number)	Share options lapsed / cancelled	Balance at the end of year (Number)
1	12-04-2007	12-04-2012	0.210	41,455,743	-	-	-	41,455,743
2	20-07-2008	30-06-2010	0.800	655,739	-	-	(655,739)	-
3	20-07-2008	30-06-2011	1.000	1,454,659	-	-	-	1,454,659
4	30-06-2009	30-06-2011	0.120	1,050,000	-	-	-	1,050,000
5	30-06-2009	30-06-2011	0.100	687,500	-	-	-	687,500
6	30-06-2009	30-06-2012	0.200	587,500	37,500	-	-	625,000
7	30-06-2009	30-06-2013	0.300	512,500	37,500	-	-	550,000
8	19-10-2009	31-10-2012	0.100	-	500,000	-	-	500,000
9	19-10-2009	31-10-2012	0.175	-	500,000	-	-	500,000
10	19-10-2009	31-10-2012	0.250	-	500,000	-	-	500,000

1. Tranche 1S options - Initial and performance options granted to the Vendors upon the merger of Facilitate Digital Pty Ltd and Purus Energy Ltd.
2. Tranche 2 options lapsed under the Employee Share Option Plan (ESOP).
3. Tranche 3 options issued under the Employee Share Option Plan (ESOP).
4. Tranche 4 options issued under the Employee Share Option Plan (ESOP).
5. Tranche 5 options issued under the Employee Share Option Plan (ESOP).
6. Tranche 6 options issued under the Employee Share Option Plan (ESOP).
7. Tranche 7 options issued under the Employee Share Option Plan (ESOP).
8. Tranche 2S options issued to directors.
9. Tranche 3S options issued to directors.
10. Tranche 4S options issued to directors.

No options or shares were issued to employees for services performed in 2010, the only exceptions being the granting of options, to qualifying employees, under the Employee Share Option Plan or those issued to the directors.

(a) Recognised share-based payment expenses

The expense recognized for employee services received during the year is shown in the table below:

	Consolidated	
	2010	2009
	$	$
Expense arising from equity-settled Share-based payment transactions	**56,439**	83,010

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2010 and 2009.

(b) Types of share-based payment plans

Employee share option plan (ESOP)

Share options are granted to Eligible Persons nominated by the Board from time to time who are at the time of the offer a full or part time employee of the Company or a subsidiary, but excluding any director of the Company. The ESOP is designed to reward Eligible Persons for past services or to provide Eligible Persons with an incentive to remain with the Company and/or its subsidiaries and to improve longer-term performance of the Company and/or its Subsidiaries and its return to Shareholders.

If a participant's employment ceases due to his or her resignation or for any reason other than retrenchment, permanent disability or death, all vested options and all other options granted to that participant will lapse on the date of resignation unless the Board determines otherwise, or on the date of cessation of employment. If a participant's employment ceases due to his or her retrenchment or permanent disability, all vested options granted to that participant at the date of cessation may be exercised by the expiration of the exercise period, after which those vested options will lapse, and all other options granted to that participant will lapse at the date of cessation of employment.

No payment is required for the grant of options under the plan.

The contractual life of each option granted is 2-4 years. There are no cash settlement alternatives.

Director share option plan (DSOP)

Share options are granted to directors by approval of the shareholder's at a general meeting. The DSOP is designed to reward directors as an incentive to remain with the Company and/or its subsidiaries and to improve longer-term performance of the Company and/or its Subsidiaries and its return to Shareholders.

If a participant's appointment ceases due to his or her resignation or for any reason all vested options and all other options granted to that participant will lapse on the date of resignation unless a shareholder's general meeting determines otherwise, or on the date of cessation of the appointment. If a participant's appointment ceases due to permanent disability, all vested options granted to that participant at the date of cessation may be exercised by the expiration of the exercise period, after which those vested options will lapse, and all other options granted to that participant will lapse at the date of cessation of the appointment.

No payment is required for the grant of options under the plan.

The contractual life of each option granted is 3 years. There are no cash settlement alternatives.

(c) Summaries of options granted under ESOP arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2010	2009
	No.	No.
Outstanding at the beginning of the year	**4,947,898**	3,780,000
Granted during the year	**75,000**	2,957,500
Forfeited during the year	**-**	(1,428,000)
Exercised during the year	**-**	-
Expired during the year	**(655,739)**	(361,602)
Outstanding at the end of the year	**4,367,159**	4,947,898
Exercisable at the end of the year	**3,817,159**	3,847,898

The outstanding balance of the ESOP options above excludes 41,455,743 performance options outstanding at 30 June 2010 (30 June 2009: 41,455,743) which were previously granted to vendors upon the merger of Facilitate Digital Pty Ltd and Purus Energy Ltd and the 1,500,000 DSOP options that were issued to the newly appointed directors, being Stuart Simson and Geoff Dixon. Refer to the table 3 of the Remuneration Report on pages 23 and 24 for details relating to the options issued to the directors.

The outstanding balance of the ESOP options as at 30 June 2010 is represented by:

- Tranche 3: 1,454,659 options over ordinary shares with an exercise price of $1.00 with vesting in 2 years from the date of grant (1 July 2007) and with an exercise period of 2 years from the date of vesting.
- Tranche 4: 1,050,000 options over ordinary shares with an exercise price of $0.12 with vesting from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 5: 687,500 options over ordinary shares with an exercise price of $0.10 with vesting from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 6: 625,000 options over ordinary shares with an exercise price of $0.20 with vesting in 1 year from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 7: 550,000 options over ordinary shares with an exercise price of $0.30 with vesting in 2 years from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.

(d) Range of exercise price

The range of exercise price for options outstanding at the end of the year was $0.10 - $1.00 (2009: $0.10 - $1.00).

As the range of exercise prices is wide, refer to the section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

(e) Option pricing model

Equity-settled transactions

The fair value of the equity-settled options granted under the ESOP and DSOP share plans is estimated as at the date of the grant using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The following table illustrates the inputs to the models used for the years ended 30 June 2010 and 30 June 2009:

ESOP Model used: Black-Scholes	**Tranche 1**	**Tranche 2**	**Tranche 3**	**Tranche 4**	**Tranche 5**	**Tranche 6**	**Tranche 7**
Share price at measurement date	**0.500**	**0.500**	**0.500**	**0.060**	**0.060**	**0.060**	**0.060**
Expected volatility (%)	**55.00**	**55.00**	**55.00**	**75.00**	**75.00**	**75.00**	**75.00**
Risk-free interest rate (%)	**6.30**	**6.30**	**6.30**	**5.00**	**5.00**	**5.00**	**5.00**
Expected life of option (years)	**1.00**	**2.00**	**3.00**	**2.00**	**2.00**	**3.00**	**4.00**
Option exercise price ($)	**0.50**	**0.80**	**1.00**	**0.12**	**0.10**	**0.20**	**0.30**
Black-Scholes value	**0.12**	**0.10**	**0.11**	**0.01**	**0.02**	**0.01**	**0.01**

Directors Model used: Black-Scholes	**Tranche 2S**	**Tranche 3S**	**Tranche 4S**
Share price at measurement date	**0.095**	**0.095**	**0.095**
Expected volatility (%)	**75.00**	**75.00**	**75.00**
Risk-free interest rate (%)	**5.00**	**5.00**	**5.00**
Expected life of option (years)	**3.00**	**3.00**	**3.00**
Option exercise price ($)	**0.10**	**0.18**	**0.25**
Black-Scholes value	**0.05**	**0.04**	**0.03**

The expected volatility was determined using an historical sample Company share prices. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

(f) Weighted average fair value of options and remaining contractual life

The weighted average fair value of ESOP options granted during the year was 0.0140 (2009: 0.0184).
The weighted remaining contractual life for the ESOP options outstanding 30 June 2010 was 1.40 years (2009: 2.19years).

The weighted average fair value of DSOP options granted during the year was 0.0369 (2009: Nil).
The weighted remaining contractual life for the DSOP options outstanding 30 June 2010 was 1.80 years (2009: Nil).

Note 30: Business Combination

Facilitate Digital Holdings Limited acquired the remaining 50% of the equity in the Facilitate Digital Europe Marketing Technology Ltd joint venture, effective from 1 September 2008. The total cost was $75,334. The fair value of the identifiable assets and liabilities of Facilitate Digital Europe Marketing Technology Ltd as at the date of acquisition are:

	Consolidated	
	Recognised on acquisition	**Carrying value**
	$	$
Plant and equipment	**18,314**	18,314
Deferred tax assets	**58,808**	58,808
Cash and cash equivalents	**21,850**	21,850
Trade and other receivables	**65,434**	65,434
	164,406	164,406
Trade and other payables	**303,474**	303,474
Provision for annual leave	**9,288**	9,288
Other creditors	**31,488**	31,488
	344,250	344,250
Fair value of identifiable net assets	**(179,844)**	(179,844)
Fair value of 50% interest acquired	**(89,922)**	
Foreign Currency Adjustment	**4,929**	
Goodwill arising on acquisition	**160,327**	
Cost of combination	**75,334**	
Cost of acquisition		
Issue of shares	**75,334**	
Total cost of acquisition	**75,334**	
The cash outflow on acquisition to date is as follows:		
Cash acquired with the joint venture	**10,925**	
Currency adjustment	**(1,198)**	
Net cash outflow	**9,727**	

From the date of acquisition, Facilitate Digital Europe Marketing Technology Ltd has contributed a profit after provision for tax of $324,217 to the 2009 net loss of the Group. If the combination had taken place at the beginning of the financial year, the net loss for 2009 continuing operations of the Group would have been $2,275,834 and revenue from the operations would have been $6,495,759.

Note 31: Leasing and Capital Commitments

a. Operating Lease Commitments

Non-cancellable operating leases contracted for, but not capitalised in the financial statements:

	Consolidated	
	2010	2009
	$	$
Payable - minimum lease payments		
- not later than 12 months	**146,964**	443,424
- between 12 months and 4 years	**-**	137,614
	146,964	581,038

The property leases are non-cancellable leases with terms that vary from one to five years, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require that minimum lease payments shall be increased by the lower of the Consumer Price Index (CPI) or four percent per annum. An option exists to renew the leases at the end of their terms. The leases allow for subletting of all leased areas.

b. Finance Lease Commitments

Finance leases contracted for, and capitalised in the financial statements:

	Consolidated	
	2010	2009
	$	$
Payable - minimum lease payments		
- not later than 12 months	**32,865**	**34,576**
- between 12 months and 4 years	**65,730**	**69,153**
	98,595	**103,729**

Note 32: Contingent Liabilities and Assets

Contingent Liabilities

The Company and its controlled entities had no contingent liabilities as at 30 June 2010 and are not subject to any litigation.

Contingent Assets

The Company has no contingent assets as at 30 June 2010.

Note 33: Events After Balance Date

There were no significant events between the balance date and the issuance of this report.

Note 34: Auditors' Remuneration

	GROUP	
	2010	2009
	$	$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	**117,500**	115,382
- Taxation services	**55,050**	54,000
- Other services	**33,535**	36,655
	206,085	206,037

Note 35: Controlled Entities

Controlled Entities

Name	Country of Incorporation	Percentage Owned %	
		2010	2009
Parent Entity			
Facilitate Digital Holdings Limited	Australia	100	100
Controlled Entities			
Facilitate Digital Pty Ltd	Australia	100	100
Symphony Media Pty Ltd	Australia	100	100
Ironbark Mineral Sands Pty Ltd *	Australia	100	100
Facilitate Digital Limited	New Zealand	100	100
Facilitate Digital UK Limited	United Kingdom	100	100
Facilitate Digital Europe Marketing Technology Limited	Ireland	100	100
Facilitate Digital LLC	United States	100	100
Facilitate Digital Deutschland GmbH	Germany	100	-

Ironbark Mineral Sands Pty Ltd * was deregistered on 4 July 2010.

Note 36: Company Details

The registered office of the Company:

Facilitate Digital Holdings Limited

1/420 Elizabeth Street, Surry Hills, NSW 2010, Australia

The principal places of business are:

Australia	Level 1, 420 Elizabeth Street, Surry Hills, NSW 2010
New Zealand	Level 3, Cathedral House, 48-52 Wyndham Street, Auckland
Europe	3 Inns Quay, Dublin 7, Republic of Ireland
United Kingdom	31-35 Kirby Street, London EC1N8TE, England
United States	1040 Avenue of the Americas 40th Street 24th Floor New York, NY 10008
Singapore	Level 31, 6 Battery Road, Singapore 049909
Sweden	Frejgatan 13, 114 79 Stockholm
Germany	Hamburg Business Centre, Poststrasse 33, 20354 Hamburg

NOTE 37: Parent Entity Information

	2010	2009
	$	$
Information relating to: Facilitate Digital Holdings Limited		
Current assets	**2,911,555**	1,410,502
Total assets	**11,555,837**	9,881,858
Current liabilities	**701,225**	789,591
Total liabilities	**701,225**	789,591
Net assets	**10,854,612**	9,092,267
Issued capital	**31,306,940**	30,590,353
Accumulated losses	**(20,773,014)**	(21,762,333)
Reserves	**320,686**	264,247
Total shareholder's equity	**10,854,612**	9,092,267
Profit/(loss) of the parent entity	**989,319**	(4,156,069)
Loss from discontinued operations	**-**	(5,823,985)
Total comprehensive income of the parent company	**989,319**	(9,980,054)

Directors' Declaration

In accordance with a resolution of the directors of Facilitate Digital Holdings Limited, I state that:

1. In the opinion of the directors:

    a. The financial statements, notes and the 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 consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date;

        ii. Complying with Australian Accounting Standards and *Corporations Regulations 2001*.

    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.

    c. The financial statements and notes also comply with the international Financial Reporting Standards as disclosed in note 2(a).

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

Stuart Simson
Chairman

Dated this 27th of September, 2010

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Independent auditor's report to the members of Facilitate Digital Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Facilitate Digital Holdings Limited, 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, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities 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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Facilitate Digital Holdings Limited is in accordance with the *Corporations Act 2001*, including:

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

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

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 25 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Facilitate Digital Holdings Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David Petersen
Partner
Melbourne
27 September 2010

Shareholder Information as at 16th September 2010

Number of Security Holders and Securities on Issue

Facilitate has issued 130,527,591 Ordinary Fully Paid Shares and these are held by 555 shareholders.

Voting Rights

The voting rights attached to Ordinary Shares are that on a show of hands, every member present, in person or proxy; has one vote and upon a poll, each share shall have one vote.

Distribution of Security Holders

Number of Equity Securities	Number of Shareholders	Ordinary Shares on Issue
1 – 1000	16	10,025
1,001 – 5,000	98	285,621
5,001 – 10,000	134	1,100,265
10,001 – 100,000	216	8,251,418
100,001 +	91	120,880,262
Total	**555**	**130,527,591**

Unmarketable Parcel of Shares

The number of security investors holding less than a marketable parcel of 5,556 securities ($0.09 on 16 September, 2010) is 121 and they hold 332,249 securities.

Shareholders

The number of securities held by the top 20 shareholders is set out below:

Shareholder	Number of Shares	Percentage
EyeWonder Australia Pty Ltd	16,257,616	12.46%
Ian Lowe & Ben Dixon (Ambleside Investments A/C)	15,018,213	11.51%
T & J Superannuation Fund Pty Ltd	9,741,902	7.46%
Dunsmore Nominees Pty Ltd	7,996,095	6.13%
Michael Lane	7,462,130	5.72%
HSBC Custody Nominees (Australia) Limited	6,695,528	5.13%
Ian Lowe & Ben Dixon (The Big Green A/C)	6,201,627	4.75%
Registry Systems LLC	4,136,362	3.17%
Internet Associates Inc	3,916,170	3.00%
Hazelwood Pty Ltd	3,850,000	2.95%
Citicorp Nominees Pty Ltd	2,389,926	1.83%
National Nominees Limited	2,213,680	1.70%

Shareholder	Number of Shares	Percentage
Publicis Communications Pty Ltd	2,089,104	1.60%
Austock Nominees Pty Ltd	1,975,730	1.51%
Internet Billing Services Ltd	1,919,962	1.47%
ANZ Nominees Pty Ltd	1,703,380	1.30%
Ben Dixon	1,668,690	1.28%
G & D Dixon Investments Pty Ltd	1,620,436	1.24%
Sandhurst Trustees Limited	1,590,067	1.22%
Geoffrey Nash	1,250,000	0.96%

Substantial Holders

The number of securities held by substantial shareholders and their associates are set out below:

EyeWonder Australia Pty Ltd	18,647,542	14.29%
Ben Dixon	16,686,903	12.78%
T & J Superannuation Fund Pty Ltd	9,741,902	7.46%
Dunsmore Nominees Pty Ltd	7,996,095	6.13%
Michael Lane	7,462,130	5.72%
Ian Lowe	6,958,823	5.33%
HSBC Custody Nominees (Australia) Limited	6,695,528	5.13%

Unquoted Equity Securities

6,376,450 unlisted Options have been allocated to the Facilitate Digital Holdings Limited Employee Share Option Plan (ESOP), as at 30 June, 2010, 4,367,159 had been issued and were current for 23 option holders and the Options remain unexercised. No option holder holds 20% or more of the Options under the Facilitate Employee Share Option Plan.

Number of Options	Options allocated to ESOP	Balance of issued ESOP Options 1.7.2009	ESOP Options issued during the year	ESOP Options lapsed/cancelled during the year	Balance of issued ESOP Options 30.06.2010	Balance of unissued ESOP Options 30.06.2010
ESOP Options	6,376,450	4,947,898	75,000	(655,739)	4,367,159	2,009,291
Option Holders	-	22	1	-	23	-

Employees are eligible to participate in the Plan upon nomination by the Board from time to time subject to being, at the time of the offer, a full or part time employee of the Company or a subsidiary, but excluding any director of the Company. The options are subject to the following Exercise Conditions:

- Tranche 3: An exercise price of $1.00 with vesting in 2 years from the date of grant (1 July 2007) and with an exercise period of 2 years from the date of vesting.
- Tranche 4: An exercise price of $0.12 with vesting from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 5: An exercise price of $0.10 with vesting from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 6: An exercise price of $0.20 with vesting in 1 year from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 7: An exercise price of $0.30 with vesting in 2 years from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.

1,928,575 unlisted Options issued to the original shareholders of Purus Energy Ltd. These options were unexercised and lapsed during the year.

41,455,743 unlisted initial and performance Options are on issue to the shareholders of Facilitate Digital Pty Ltd following the merger with Purus Energy Ltd. These options remain unexercised. No option holder holds 20% or more of the Options under this category.

1,500,000 unlisted Options were issued on 19 October 2009 to the newly appointed directors, being G. Dixon 750,000 and S. Simson 750,000. These options remain unexercised.

Option holders do not have voting rights on the options held by them.

Details Regarding Escrow

No ordinary fully paid shares were being held in escrow at the time of the issuance of this report.

On-Market Buy Back

There is no current on-market buy-back.

Statement Regarding Use of Cash and Assets

Facilitate has used its cash and assets readily convertible to cash in a way that is consistent with its business objectives.

Glossary Of Terms Used In The Annual Report

AASB	Australian Accounting Standards Board
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian Equivalents to International Financial Reporting Standards
ASX	Australian Securities Exchange Limited
Board	The Board of Directors
Board Charter	The charter setting out the role, purpose and structure of the Board
Company	The Company itself
Corporations Act	The Corporations Act 2001 (Cth)
DSOP	Directors Share Option Plan
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
ESOP	Employee Share Option Plan, as described in Remuneration Report
EPS	Earnings per Share
Group	The Company and its controlled entities
KMP	Key Management Personnel, as described in Remuneration Report
NPAT	Net Profit after Tax
NPBT	Net Profit before Tax
UIG	Urgent Issues Group, a committee of the AASB