



WEBSPY LIMITED

ACN 066 153 982

2010 ANNUAL REPORT



CORPORATE DIRECTORY

DIRECTORS

Mr Declan Monahan – Chief Executive Officer/Managing Director
Mr Jack Andrys – Executive Director
Mr Benjamin Donovan – Non-Executive Director
Mr Kim Redstall – Non-Executive Director

COMPANY SECRETARY

Ms Karen Logan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 34A, 25 Walters Drive
Osborne Park WA 6017
Telephone: 61 8 9321 3322
Facsimile: 61 8 9321 3377
Email: shareholder@webspy.com
Website: www.webspy.com

AUDITORS

WHK Horwath Perth Audit Partnership
Level 6, 256 St George's Terrace
PERTH WA 6000

SHARE REGISTRAR

Security Transfers Registrars Pty Ltd
Suite 1, 770 Canning Highway
APPLECROSS WA 6153
Telephone: 61 8 9315-2333
Facsimile: 61 8 9315-2233

STOCK EXCHANGE

ASX Limited
Exchange Plaza, 2 The Esplanade
PERTH WA 6000

ASX CODE

WSY

CONTENTS

	Page
CORPORATE DIRECTORY	2
CONTENTS	3
DIRECTORS' REPORT	4
REMUNERATION REPORT	10
CORPORATE GOVERNANCE STATEMENT	14
AUDITOR'S INDEPENDENCE DECLARATION	20
FINANCIAL STATEMENTS	21
NOTES TO THE FINANCIAL STATEMENTS	25
DIRECTORS' DECLARATION	64
INDEPENDENT AUDIT REPORT	65
SHAREHOLDER INFORMATION	67

DIRECTORS' REPORT

The Directors present their report together with the financial report of WebSpy Limited (the **Company** or **Parent Entity**) being the Company and its controlled entities (the **Group**), for the year ended 30 June 2010 and the auditor's report thereon.

DIRECTORS

The Directors of the Group at any time during or since the end of the financial year are:

Mr Declan Monahan

Chief Executive Officer/ Managing Director - appointed 20 November 2009

Mr Declan Monahan has a degree in Management, a Masters degree in Management Information Systems and over 20 years experience in a variety of senior management roles in the hospitality, education and IT sectors. Mr Monahan has substantial experience establishing, running and expanding businesses in an Australasian, Middle Eastern and European context. He has strong business development skills and significant expertise in selling and implementing eCommerce systems within complex regional and international businesses.

Mr Jack Andrys

Executive Director - appointed 16 August 1999

Mr Andrys was appointed to the Board on 16 August 1999 as WebSpy's Chief Executive Officer and Managing Director, prior to which he was Netlink's Managing Director and founder. In his current role as Executive Director, Mr Andrys oversees the WebSpy business unit. Mr Andrys has worked in the information technology industry since 1992 and founded Netlink in 1994, and Netlink Inspection Systems in 1996. Netlink Inspection Systems and associated products "Inspection Manager" were sold to Wood Group in 2008. Prior to this he spent a decade working in the oil and gas industry, initially as a commercial diver and finally as the Operations Co-ordinator of Australia's largest underwater intervention services provider, Contract Diving Services.

Mr Andrys will be seeking re-election by shareholders at the 2010 Annual General Meeting.

Mr Benjamin Donovan

Non-Executive Director - appointed 10 November 2009

Mr Donovan holds a Bachelor of Commerce (Honours) in finance and commercial law. He is a Chartered Secretary and currently provides consultancy services on ASX listing rule and company secretarial matters. Mr Donovan spent over two years with the Perth office of ASX, providing ASX Listing Rule advice to listed companies. Prior to joining the ASX, Mr Donovan worked at a boutique stockbroking institution in Perth on various corporate advisory and stock broking matters.

Mr Kim Redstall

Non-Executive Director – appointed 20 November 2009

Mr Redstall has significant operational, sales, marketing, merger and acquisition and management experience in the technology industry. He is the principal of Technology Capital, a specialist corporate advisory firm focused on mergers, acquisitions and related transactions within the technology sector and has over 20 years' experience with a range of private and public companies in the IT Industry. In addition to founding several start-ups, he has held a variety of sales, management and consulting roles in various IT businesses in both Australia and New Zealand. Mr Redstall is a Graduate Member of the Australian Institute of Company Directors.

Mr William Brooks

Non-Executive Director – appointed 23 May 2008, resigned 25 November 2009

Mr John Chua

Non-Executive Director – appointed 21 July 2008, ceased 30 November 2009

Mr Francis Galbally

Non-Executive Director – appointed 21 July 2008, resigned 4 December 2009

Mr Tom McGellin

Non-Executive Director – appointed 28 May 2004, resigned 20 April 2010

DIRECTORS' REPORT

Ms Karen Logan

Company Secretary – appointed 27 October 2009

Ms Logan graduated with a Bachelor of Commerce majoring in Accounting and Business Law from Curtin University in Western Australia and completed a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia. She is a Chartered Secretary and a Fellow of the Financial Services Institute of Australasia. Ms Logan is presently the principal of a public practice providing corporate and financial services to ASX-listed companies.

Mr Anthony Ho

Company Secretary – appointed 10 April 1996, resigned 27 October 2009

DIRECTORSHIPS OF OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Parent Entity during the last 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship	
		From	To
Mr Declan Monahan	Nil	-	-
Mr Jack Andrys	Nil	-	-
Mr Benjamin Donovan	Nil	-	-
Mr Kim Redstall	Comops Limited	12 Dec 2007	25 Aug 2008

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Parent Entity during the financial year are:

Director	Board Meetings		Nomination and Remuneration Committee Meetings		Audit and Risk Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Mr Declan Monahan	7	7	N/A	N/A	N/A	N/A
Mr Jack Andrys	19	19	N/A	N/A	N/A	N/A
Mr Benjamin Donovan	10	10	2	2	2	2
Mr Kim Redstall	7	7	2	2	2	2
Mr William Brooks	13	12	2	2	2	-
Mr John Chua	12	11	2	2	2	2
Mr Francis Galbally	13	13	2	1	2	2
Mr Tom McGellin	18	16	1	-	1	1

Committee membership

As at the date of the report, the Parent Entity had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors:

Members acting on the committees of the Board during the financial year were:

Nomination and Remuneration Committee	Audit and Risk Committee
Mr Benjamin Donovan (Chairman)	Mr Benjamin Donovan (Chairman)
Mr Kim Redstall	Mr Kim Redstall
Mr William Brooks*	Mr William Brooks*
Mr John Chua*	Mr John Chua*
Mr Francis Galbally*	Mr Francis Galbally*
Mr Tom McGellin*	Mr Tom McGellin*

* Resigned as directors of the Parent Entity during the year.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The relevant interests of each director in the shares of the Parent Entity at the date of this report are as follows:

Director	Shares
Mr Declan Monahan	9,120,783
Mr Jack Andrys	8,853,878
Mr Benjamin Donovan	-
Mr Kim Redstall	-

PRINCIPAL ACTIVITY

The principal activity of the Parent Entity and Group during the financial year was the development, marketing and sales of software.

OPERATING AND FINANCIAL REVIEW

Operating review

WebSpy business unit

WebSpy's Internet and reporting products unit maintained its focus on stabilising revenue post the GFC, which was achieved despite a strong Australian Dollar diminishing the value of its export sales. This was achieved by its three offices in the, UK, USA, and Perth, Australia which, whilst continuing with product sales also contributed to a reduction in costs. The cost reduction in both the UK and the USA was achieved by relocating those offices during the year, and the Perth office was subsequently relocated in August 2010.

Whilst overseas sales strategy during the reporting period remained much the same, the Australian office moved towards a channel only sales model in the second half of the year. The channel model will be enhanced and refined, prior to its introduction into both overseas offices by the end of the 2011 financial year. WebSpy has seen a general move away from perpetual sales to a subscription base, with customers purchasing one, three, and on occasions five year licences of the WebSpy products. The changes to the business model are showing encouraging results, with new distribution partners being appointed, and the first customers who were sold products on the recurring revenue model renewing subscriptions late in the 2010 financial year.

Globally, the WebSpy business unit is seeing an increase in the size of customer it is dealing with and as a result average sales value is on the rise with customers of large enterprise and government organisations having requirements to report on internet activity of user numbers between 40,000 and 120,000. Also on a global scale, the WebSpy reporting tools are being adopted as an enhanced reporting tool by other security product vendors; with customers such as Cisco Ironport, and Microsoft TMG increasing in number.

In the 2011 financial year the WebSpy business unit intends to improve performance as follows:

- Maintaining operational costs at the current low levels.
- Increasing global product pricing by 10-20% (from 1st September 2010).
- Continuing to move licence sales away from perpetual to 100% subscription (by 1st September 2010).
- Protecting the compounding effect of the recurring revenue returning from earlier subscription licence sales.
- Introducing specific versions of the reporting product for third parties to use under licence and in OEM partnerships.
- Enhancing the Australian reseller channel model and introducing similar changes in the UK and USA.

Marketboomer business unit

As had been previously announced to the market, the Company had for some time been seeking an additional business to enhance the size and scale of the Group. This search process culminated in the announcement of a proposed acquisition of the Marketboomer Group, which received shareholder approval on 20 November 2009.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (cont'd)

Operating review (cont'd)

Marketboomer business unit (cont'd)

The Marketboomer business is an internet based procurement and materials management solution, specifically focused on the hospitality industry. Its clients include such prestigious global hotel brands as Starwood Hotels and Resorts, InterContinental Hotels Group, Jumeirah, Mirvac Hotels and Resorts and Hyatt Hotels and Resorts. The Marketboomer solution allows hospitality purchasers to trade with suppliers more effectively and benchmark how they buy with the resultant effect of improving the purchasing process, and helping to optimise costs in the supply chain. The Marketboomer Group derives its revenue from a combination of the licensing of its software and content as well as fees generated from the processing of transactions through its software platform.

The Marketboomer acquisition was settled entirely in shares in the Parent Entity, with initial consideration paid up front, and deferred consideration subject to revenue or transaction number performance hurdles (refer to Notes 24 and 31 for further details of achievement of the performance hurdle subsequent to balance date).

The Marketboomer business has clients in 11 countries, and the business is continuing to regularly add new hotels with an anticipated progressive increase in transactions and revenues. Because of the global potential of the Marketboomer business a deliberate increase in investment by the Company was made in this financial year to accelerate the growth potential.

Financial review

The Group incurred a loss of \$1,429,705 after income tax for the year.

During the year, the Parent Entity secured a redeemable convertible note facility of \$700,000 (**Convertible Note Facility**) from CVC Private Equity Limited to support the Group's plans for ongoing growth and expansion. At 30 June 2010, the Parent Entity had drawn down \$500,000 of the Convertible Note Facility.

Significant Changes in the State of Affairs

The Group's net assets increased by \$1,804,509 to \$2,923,614 during the financial year. The net increase in net assets principally comprised:

- (a) a decrease in cash and cash equivalents of \$405,496 due to increased product development costs and the incurrance of costs relating to the Marketboomer acquisition and general working capital costs;
- (b) an increase in intangibles of \$4,143,622 and in property, plant and equipment of \$90,846 as a result of the acquisition of the Marketboomer Group; and
- (c) an increase in loans and borrowings of \$1,217,564, redeemable convertible notes of \$500,000 and employee benefits of \$469,740 as a result of loans and borrowings and employee entitlements assumed on acquisition of the Marketboomer Group and the draw down on the Company's Convertible Note Facility.

Fully paid ordinary shares issued during the year are as follows:

- (a) the issue of 115,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 per share to vendors of the Marketboomer Group;
- (b) the issue of 2,000,000 fully paid ordinary shares at a deemed issue price of \$0.02 per share in satisfaction of a facility fee payable in respect of the Convertible Note Facility.

Total shares on issue at 30 June 2010 are 236,141,275.

Mr Jack Andrys resigned as CEO of the Company on 30 November 2009. Mr Declan Monahan was subsequently appointed as the new CEO on 2 June 2010. Mr Andrys will remain with the Company as an Executive Director in a sales and business development role overseeing the WebSpy business unit.

In September 2010, the Company implemented a cost reduction program across its various operating business units which resulted in a reduction of over \$1.3m in annualised costs. The Company focused on those areas and business units where revenues did not justify the costs being applied. The Company was careful to retain its customer support and Shared Services centre and importantly its development capability to ensure ongoing improvements to the current systems continue. These changes ensure the Company remains a strong and capable organisation.

DIRECTORS' REPORT

RESULTS

The Group incurred a loss of \$1,429,705 (2009 \$1,105,208) after income tax for the year.

The Parent Entity incurred a loss of \$978,130 (2009 loss of \$1,041,174) after income tax for the year.

LIKELY DEVELOPMENTS

The Group will continue with its software development and sales business in Australasia, Asia, the Middle East the United States and Europe. Future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under United States, Europe, Commonwealth or State legislation. However, the directors believe that the Group has adequate systems in place for the management of its environmental regulations and are not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than any matters described in Note 31 to these financial statements, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

OPTIONS

No options have been granted during or since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

Indemnification

The Parent Entity has agreed to indemnify the directors of the Parent Entity against all liability to another person (other than the Parent Entity or any related body corporate) that may arise from their position as directors of the Parent Entity and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Parent Entity has also agreed to cover liability for costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the *Corporations Act 2001*. It also provides indemnity against costs and expenses in connection with an application where a court grants relief to a director under the *Corporations Act 2001*.

Insurance premiums

Since the end of the previous financial year the Parent Entity has not paid any insurance premiums in respect of directors' and officers liability and legal expenses' insurance contracts, for current and former directors and officers.

DIRECTORS' REPORT

NON-AUDIT SERVICES

During the financial year, WHK Horwath Perth Audit Partnership, the Parent Entity's auditor, performed certain other services in addition to their statutory duties.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the auditor and are satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- (b) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Parent Entity, WHK Horwath Perth Audit Partnership, and its related practices for audit and non-audit services provided during the financial year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	Consolidated Group	
	2010	2009
	\$	\$
Statutory audit and half year review:		
- audit and half year review of financial reports (WHK Horwath Perth Audit Partnership)	60,610	32,600
- audit and half year review of financial reports (WHK Horwath Sydney Audit Partnership)	20,534	-
- audit and half year review of financial reports (Moore Stephens Nathan)	13,685	-
- audit and half year review of financial reports (Loke Lum and Partners)	1,403	-
- audit and half year review of financial reports (A.S.K.N. International Audit Services)	2,109	-
	98,341	32,600
Services other than statutory audit:		
- fees in relation to attendance at general meeting (WHK Horwath Perth Audit Partnership)	1,780	240
	100,121	32,840

REMUNERATION REPORT

The Remuneration Report is set out on pages 10 to 13 and forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 3007C of the *Corporations Act 2001* is included on page 20 of the financial report.

Dated at Perth, Western Australia this 30th day of September 2010.

Signed in accordance with a resolution of the Directors:



Jack Andrys
Executive Director

REMUNERATION REPORT

This Remuneration Report outlines the director and executive remuneration arrangements of the Parent Entity and the Group in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent Entity and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire financial year:

Directors

Name	Position held
Mr Declan Monahan	Managing Director (appointed 20 November 2009)
Mr Jack Andrys	Executive Director
Mr Benjamin Donovan	Non-Executive Director (appointed 10 November 2009)
Mr Kim Redstall	Non-Executive Director (appointed 20 November 2009)
Mr William Brooks	Non-Executive Director (appointed 23 May 2008, resigned 25 November 2009)
Mr John Chua	Non-Executive Director (appointed 21 July 2008, ceased 30 November 2009)
Mr Francis Galbally	Non-Executive Director (appointed 21 July 2008, resigned 4 December 2009)
Mr Tom McGellin	Non-Executive Director (appointed 28 May 2004, resigned 20 April 2010)

Executives

Name	Position held
Mr Nathan Gyaneshwar	Marketboomer Group General Manager – Marketboomer (appointed 20 November 2009)

REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Parent Entity is responsible for determining and reviewing remuneration policies for the directors and executives. If necessary, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group.

PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segments performance;
- the consolidated entity's performance including:
 - the consolidated entity's earnings; and
 - the growth in share price and delivering constant returns on shareholder wealth.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives.

REMUNERATION REPORT

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. Total remuneration for all non-executive directors, last voted upon by shareholders at the 1996 General Meeting, is not to exceed \$75,000 per annum. Directors' fees cover all main board activities and membership of committees.

Non-executive directors do not receive any retirement benefits, nor do they receive any performance related compensation.

Executive remuneration

Remuneration for executives is set out in employment agreements. Details of the employment agreement with the CEO/Managing Director are provided below.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Group. As noted above, the Nomination and Remuneration Committee has access to external advice independent of management.

Other benefits

Key management personnel may receive benefits such as car allowances, and the Group pays fringe benefits tax on these benefits, where applicable.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding their financial and personal objectives. The short-term incentive (**STI**) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (**LTI**) may be provided as in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity.

Short-term incentives

The Nomination and Remuneration Committee together with the Board have determined the key performance indicators (**KPIs**) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and may include financial, non-financial, corporate and individual measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year and subsequent to the completion of the year end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. If it is determined the KPIs have been reached, the Nomination and Remuneration Committee recommends the STI to be paid to the individuals for approval by the Board.

There were no STI payments during the 2010 financial year (2009: nil).

Long-term incentives

LTI may be provided to key management personnel in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity. LTIs are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth.

For the purposes of the 'at risk' bonus, the Nomination and Remuneration Committee together with the Board have determined the KPIs for the key management personnel. At the end of the financial year and subsequent to the completion of the year end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. Only one bonus may be claimed by a key management person in a financial year.

REMUNERATION REPORT

Performance linked compensation (cont'd)

Long-term incentives (cont'd)

If it is determined a KPI has been reached, the Nomination and Remuneration Committee recommends the shares be issued to the individuals for approval by the Board. Options and shares may only be issued to directors subject to approval by shareholders in general meeting.

There were no options or shares issued as LTI during the 2010 financial year (2009: nil).

The Parent Entity has introduced a policy that prohibits employees and directors of the Parent Entity from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Parent Entity securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and directors to confirm compliance.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2010	2009	2008	2007	2006
Net profit/(loss) for the year	(\$1,429,705)	(\$1,105,208)	\$1,663,257	\$387,131	(\$227,372)
Dividends paid	Nil	nil	nil	nil	nil
Change in share price	0.90 cents	(1.50 cents)	(1.60 cents)	2.10 cents	(0.80 cents)
Share price at beginning of the period	0.80 cents	2.30 cents	3.90 cents	1.80 cents	2.60 cents
Share price at end of the period	1.70 cents	0.80 cents	2.30 cents	3.90 cents	1.80 cents
Earnings/(loss) per share	(0.76 cents)	(0.93 cents)	1.40 cents	0.32 cents	(0.19 cents)

In assessing the above indices, the directors note that the Group has yet to record a sustainable net profit or pay a dividend. Consequently, as the overall level of key management personnel's compensation takes into account the performance of the Group, that overall level has remained relatively unchanged, other than the increase or decrease in compensation levels due to the appointment or resignation of key management personnel. Furthermore, total remuneration for all non-executive directors has remained unchanged since 1996.

There were no performance related remuneration transactions during the 2010 financial year (2009: nil).

EMPLOYMENT AGREEMENTS

The Company has entered into an employment agreement with its CEO/Managing Director. The employment agreement outlines the components of remuneration paid to the executive and is reviewed on an annual basis.

Mr Declan Monahan, CEO and Managing Director, has an employment agreement effective from 1 January 2010 with the Parent Entity (**Employment Agreement**). The Employment Agreement specifies the duties and obligations to be fulfilled by the CEO/Managing Director. The term of the Employment Agreement is 3.5 years. The Parent Entity must pay to Mr Monahan €126,000 per annum (**Fixed Annual Salary**) and €49,500 per annum (specified Additional Annual Benefits) for Mr Monahan's services.

Mr Monahan's annual target STI opportunity is 30% of Fixed Annual Salary and his annual maximum STI opportunity is 40% of Fixed Annual Salary subject to the achievement of specified measures of revenue growth in the Marketboomer business unit. Mr Monahan's annual LTI opportunity is 6,000,000 fully paid ordinary shares in the capital of the Parent Entity subject to the achievement of specified number of purchaser organisations (defined as individual businesses, hotels, restaurants etc), specified number of processed transactions over any consecutive three month period, sustaining a specified 30 day VWAP in the Parent Entity's share price or achieving specified annualised revenue. Any annual LTI is subject to approval by shareholders in general meeting.

Either Mr Monahan or the Parent Entity may terminate the agreement at any time by giving four months written notice to the other. The Parent Entity may, by giving written notice to Mr Monahan, immediately terminate the agreement should a number of specified occurrences happen, including a serious breach of the agreement or serious misconduct. Mr Monahan has no entitlement to termination payment in the event of removal for misconduct.

Refer to Note 25 for details on the financial impact in future periods resulting from firm commitments arising from non-cancellable contracts for services with the CEO/Managing Director.

REMUNERATION REPORT

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table 1: Remuneration for the year ended 30 June 2010

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	SHARE-BASED PAYMENTS	Total	Proportion of remuneration related %	Value of options as proportion of remuneration %
	Salary & fees \$	Other benefits \$	Superannuation \$	Options \$			
Non-executive directors							
Mr B Donovan	9,996	-	-	-	9,996	-	-
Mr K Redstall	10,000	-	-	-	10,000	-	-
Mr W Brooks	-	-	-	-	-	-	-
Mr J Chua	-	-	-	-	-	-	-
Mr F Galbally	-	-	-	-	-	-	-
Mr T McGellin ¹	6,024	-	-	-	6,024	-	-
Total non-executive directors	26,020	-	-	-	26,020		
Executive							
Mr D Monahan	226,656	39,185	9,511	-	275,352	-	-
Mr J Andrys	224,536	-	18,739	-	243,275	-	-
Total executive directors	451,192	39,185	28,250	-	518,627		
Other KMP							
Mr N Gyaneshwar	102,736	-	9,246	-	111,982	-	-
Total KMP	579,948	39,185	37,496	-	656,629		

Table 2: Remuneration for the year ended 30 June 2009

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	SHARE-BASED PAYMENTS	Total	Proportion of remuneration related %	Value of options as proportion of remuneration %
	Salary & fees \$	Other benefits \$	Superannuation \$	Options \$			
Non-executive directors							
Mr W Brooks	1,115	-	-	-	1,115	-	-
Mr J Chua	6,667	-	-	-	6,667	-	-
Mr F Galbally	-	-	-	-	-	-	-
Mr T McGellin ¹	71,006	-	33,234	-	104,240	-	-
Total non-executive directors	78,788	-	33,234	-	112,022		
Executive							
Mr J Andrys	281,981	-	20,250	-	302,231	-	-
Total KMP	360,769	-	53,484	-	414,253		

1. Mr McGellin was an Executive Director from 1 July 2008 to 6 February 2009.

SHARE BASED COMPENSATION

There were no share-based remuneration transactions during the year (2009: nil).

CORPORATE GOVERNANCE STATEMENT

The Board and management of WebSpy Limited (**WebSpy** or the **Company**) recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a robust system of corporate governance. The Company believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

The Company acknowledges the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2nd Edition) (the **Recommendations**) that took effect for the financial year from 1 July 2009 to 30 June 2010. This Corporate Governance Statement provides details of the Company's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

The Company's corporate governance policies are available on the Company's website: www.webspay.com.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

The Board is accountable to shareholders for the performance of the Company. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. The formal letter of appointment covers the matters referred to in the guidance and commentary for Recommendation 1.1. Executive directors are employed pursuant to employment agreements.

Evaluation of the performance of senior executives

The performance of senior executives is evaluated in accordance with the Performance Evaluation Process. A performance evaluation for senior executives has taken place in the reporting period and was carried out in accordance with the process disclosed.

The Board Charter and Performance Evaluation Process are available on the WebSpy website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of the Managing Director, one executive director and two non-executive directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The Company does not currently have a chairman of the Board. The Board Charter summarises the roles and responsibilities of the chairman, once appointed and the Managing Director, Mr Monahan.

The Company is at variance with Recommendation 2.2 in that the Board does not have an independent Chairman. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an additional director to perform the function of an independent chairman.

Independence of non-executive directors and the Chairman of the Board

The Board has assessed the independence of the non-executive directors and the Chairman using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1.

Mr Redstall does not satisfy the tests of independence as detailed in the Recommendations. Mr Donovan does have any interests or relationships which may affect his independence and as a result is regarded as an independent director.

The Company is at variance with Recommendation 2.1 in that the majority of directors are not independent. The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. Furthermore, each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.1, all directors bring an independent judgement to bear on Board decisions.

CORPORATE GOVERNANCE STATEMENT

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two members and is chaired by an independent non-executive director, Mr Donovan.

The Nomination and Remuneration Committee Charter sets out its role, responsibilities and membership requirements. The Charter reflects the matters set out in the commentary and guidance for Recommendation 2.4.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Nomination and Remuneration Committee are included in the Directors' Report.

The Company is at variance with Recommendation 2.4 in that the Nomination and Remuneration Committee only has two members and does not consist of a majority of independent directors. The Board considers that this composition is appropriate given the current size of the Company.

Board renewal and succession planning

The appointment of directors is governed by the Company's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the Company, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

The Company has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

Evaluation of the performance of the Board, its committees and individual directors

The performance of the Board, its committees and individual directors are evaluated in accordance with the Performance Evaluation Process. Performance evaluations of the Board, the Nomination and Remuneration Committee, the Audit and Risk Committee and individual directors did not take place in the reporting period. Performance evaluations were conducted subsequent to the end of the reporting period and were carried out in accordance with the process disclosed.

Induction and education

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after receiving approval from the Chairman (or equivalent).

The Company's Constitution, Nomination and Remuneration Committee Charter and the policy for Appointment and Selection of New Directors are available on the WebSpy website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has adopted a Code of Conduct which applies to all directors and officers of the Company. It sets out WebSpy's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.

CORPORATE GOVERNANCE STATEMENT

Securities Trading Policy

The Dealing Rules for Employees and Directors sets out the rules relating to dealings by employees and directors in securities issued by the Company. Directors and employees may only trade in WebSpy securities during prescribed trading windows and only then if they are not in possession of inside information. All directors and employees are required to seek approval before trading in WebSpy securities during the trading windows.

WebSpy has instituted prohibitions on employees and directors from using derivatives or hedging arrangements that operate or are intended to operate to limit the economic risk of security holdings over unvested Company securities.

The Company will publicly disclose all derivatives or hedging arrangements over vested WebSpy securities taken out by a director of the Company.

The Dealing Rules reflects the matters set out in the commentary and guidance for Recommendation 3.2.

The Code of Conduct and a summary of the Dealing Rules for Employees and Directors are available on the WebSpy website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

The Audit and Risk Committee consists of two members and is chaired by an independent non-executive director, Mr Donovan.

The Audit and Risk Committee Charter sets out its role, responsibilities and membership requirements. The Charter reflects the matters set out in the commentary and guidance for Recommendation 4.3.

For information on the skills, experience and expertise of the Audit and Risk Committee members, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Audit and Risk Committee are included in the Directors' Report.

The Company is at variance with Recommendation 4.2 in that the Audit and Risk Committee only has two members and does not consist of a majority of independent directors. The Board considers that given the current size of the Company, the Audit and Risk Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively.

External auditor

Consistent with its Charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The Company's independent external auditor is WHK Horwath Perth Audit Partnership (**WHK Horwath**). The appointment of WHK Horwath was ratified by members at the General Meeting held on 16 February 2006.

The Audit and Risk Committee Charter is available on the WebSpy website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

The Continuous Disclosure Policy is available on the WebSpy website.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the Company's commitment to promoting investor confidence by requiring:

- compliance with the continuous disclosure obligations;
- compliance with insider trading laws;
- compliance with financial reporting obligations;
- compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the Company;
- communication with shareholders in a clear, regular, timely and transparent manner; and
- response to shareholder queries in a prompt and courteous manner.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 6.1.

The Shareholder Communications Policy is available on the WebSpy website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management Policy

WebSpy recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, the Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control.

Risk oversight

WebSpy's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee also has delegated responsibilities in relation to risk management and the financial reporting process as set out in the Audit and Risk Committee Charter. Further detail regarding the Audit and Risk Committee can be found above at Principle 4: Safeguarding integrity in financial reporting.

Reporting and assurance

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement declaration in accordance with section 295A of the *Corporations Act*, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects with, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Managing Director (or equivalent) and the Chairman of the Audit and Risk Committee also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

The Risk Management Policy is available on the WebSpy website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies as set out in the Nomination and Remuneration Committee Charter. The Charter reflects the matters set out in the commentary and guidance for Recommendation 8.1. Further detail regarding the Nomination and Remuneration Committee can be found above at Principle 2: Structure the board to add value.

CORPORATE GOVERNANCE STATEMENT

Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors, last voted upon by shareholders at the 1996 General Meeting, is not to exceed \$75,000 per annum. Non-executive directors do not receive performance related compensation. Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Executive directors' remuneration policy

As noted previously, executive directors are employed pursuant to employment agreements. Summaries of these employment agreements are set out in the Remuneration Report.

The checklist below summarises the Company's compliance with the Recommendations.

	Requirement	Comply Yes/ No	Reference/ Explanation
Pr 1	Lay solid foundations for management and oversight		
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	Yes	Website & Page 14
Rec 1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Website & Page 14
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Website & Page 14
Pr 2	Structure the board to add value		
Rec 2.1	A majority of the board should be independent directors.	No	Website & Page 14
Rec 2.2	The chairman should be an independent director.	No	Website & Page 14
Rec 2.3	The roles of chairman and chief executive officer should not be exercised by the same individual.	Yes	Website & Page 14
Rec 2.4	The board should establish a nomination committee.	Yes	Website & Page 15
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Website & Page 15
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2.	Yes	Website & Page 14 & 15
Pr 3	Promote ethical and responsible decision making		
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes	Website & Page 15
Rec 3.2	Companies should establish a policy concerning trading in company securities by directors, officers and employees and disclose the policy or a summary of that policy.	Yes	Website & Page 16
Rec 3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Website & Page 15 & 16

CORPORATE GOVERNANCE STATEMENT

Requirement	Comply Yes/ No	Reference/ Explanation
Pr 4		Safeguard integrity in financial reporting
Rec 4.1	Yes	Website & Page 16
Rec 4.2	No	Website & Page 16
		<ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not the chair of the board; and • have at least three members.
Rec 4.3	Yes	Website & Page 16
Rec 4.4	Yes	Website & Page 16
Pr 5		Make timely and balanced disclosure
Rec 5.1	Yes	Website & Page 16
Rec 5.2	Yes	Website & Page 16
Pr 6		Respect the rights of shareholders
Rec 6.1	Yes	Website & Page 17
Rec 6.2	Yes	Website & Page 17
Pr 7		Recognise and manage risk
Rec 7.1	Yes	Website & Page 17
Rec 7.2	Yes	Website & Page 17
Rec 7.3	Yes	Website & Page 17
Rec 7.4	Yes	Website & Page 17
Pr 8		Remunerate fairly and responsibly
Rec 8.1	Yes	Website & Page 17
Rec 8.2	Yes	Website & Page 18
Rec 8.3	Yes	Website & Page 17 & 18

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WebSpy Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Partner

Perth, WA

Dated this 30th day of September 2010

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2010

	Note	Consolidated Group	
		2010 \$	2009 \$
Revenue	3	4,405,845	1,402,544
Cost of sales		(402,740)	(90,959)
Gross profit		4,003,105	1,311,585
Other income	4	201,927	72,840
Corporate and administrative expenses		(2,104,708)	(739,161)
Technical expenses		(1,635,801)	(352,584)
Marketing and selling expenses		(1,051,669)	(1,280,945)
Research and development expenses		(866,945)	(211,196)
Other expenses	4	(148,769)	-
Results from operating activities		(1,602,860)	(1,199,461)
Finance income	5	40,100	101,445
Finance costs	5	(30,544)	(2,007)
Net financing costs		9,556	99,438
Loss before income tax		(1,593,304)	(1,100,023)
Income tax	7	163,599	(5,185)
Net loss for the year		(1,429,705)	(1,105,208)
Other comprehensive income			
Foreign currency translation differences for foreign operations		216,860	6,417
Total comprehensive loss for the year		(1,212,845)	(1,098,791)
Loss for the year is attributable to:			
Non-controlling interest		6,144	-
Owners of the parent	20	(1,435,849)	(1,105,208)
		(1,429,705)	(1,105,208)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		6,144	-
Owners of the parent		(1,218,989)	(1,098,791)
		(1,212,845)	(1,098,791)
Loss per share for loss attributable to the ordinary equity holders of the parent:			
Basic and diluted loss per share	27	(0.76 cents)	(0.93 cents)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	Consolidated Group	
		2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	8	731,125	1,136,621
Trade and other receivables	9	1,357,638	258,794
Other current assets	10	21,116	14,816
Total Current Assets		2,109,879	1,410,231
NON CURRENT ASSETS			
Other receivables	9	18,458	16,860
Property, plant and equipment	11	136,874	46,028
Intangible assets	12	4,143,622	-
Deferred tax assets	7	314,540	-
Total Non Current Assets		4,613,494	62,888
TOTAL ASSETS		6,723,373	1,473,119
CURRENT LIABILITIES			
Trade and other payables	13	911,717	247,378
Other current liabilities	14	342,443	-
Short-term provisions	15	519,669	64,054
Borrowings	16	220,325	-
Total Current Liabilities		1,994,154	311,432
NON CURRENT LIABILITIES			
Long-term provisions	15	56,707	42,582
Borrowings	16	997,239	-
Redeemable convertible notes	17	500,000	-
Deferred tax liabilities	7	251,659	-
Total Non Current Liabilities		1,805,605	42,582
TOTAL LIABILITIES		3,799,759	354,014
NET ASSETS		2,923,614	1,119,105
EQUITY			
Contributed equity	18	20,500,712	17,500,386
Reserves	19	113,420	(103,440)
Accumulated losses	20	(17,713,690)	(16,277,841)
Parent interests		2,900,442	1,119,105
Non-controlling interests	21	23,172	-
TOTAL EQUITY		2,923,614	1,119,105

The statement of financial position is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2010

Consolidated Group	Contributed Equity \$	Deferred Shares Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Owners of the parent \$	Non-controlling interest \$	Total \$
Balance as at 1 July 2009	17,500,386	-	(103,440)	(16,277,841)	1,119,105	-	1,119,105
Loss for the period	-	-	-	(1,435,849)	(1,435,849)	6,144	(1,429,705)
Other comprehensive income	-	-	216,860	-	216,860	-	216,860
Total comprehensive income for the period	-	-	216,860	(1,435,849)	(1,218,989)	6,144	(1,212,845)
Issue of share capital	1,192,500	-	-	-	1,192,500	-	1,192,500
Deferred shares reserve	-	1,807,826	-	-	1,807,826	-	1,807,826
Transfer of contingent consideration to contributed equity	1,807,826	(1,807,826)	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	17,028	17,028
Balance as at 30 June 2010	20,500,712	-	113,420	(17,713,690)	2,900,442	23,172	2,923,614
Balance as at 1 July 2008	17,500,386	-	(109,857)	(15,172,633)	2,217,896	-	2,217,896
Loss for the period	-	-	-	(1,105,208)	(1,105,208)	-	(1,105,208)
Other comprehensive income	-	-	6,417	-	6,417	-	6,417
Total comprehensive income for the period	-	-	6,417	(1,105,208)	(1,098,791)	-	(1,098,791)
Balance as at 30 June 2009	17,500,386	-	(103,440)	(16,277,841)	1,119,105	-	1,119,105

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2010

	Note	Consolidated Group	
		2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		4,773,834	1,521,575
Payments to suppliers and employees		(6,162,435)	(2,580,619)
Interest received		44,137	101,602
Income tax refunds		-	298,606
Finance costs		(30,544)	(2,165)
Net cash used in operating activities	28(a)	(1,375,008)	(661,001)
Cash flows from investing activities			
Purchases of property, plant and equipment		(79,384)	(27,363)
Development expenditure		(99,584)	-
Cash acquired on acquisition of subsidiaries		427,260	-
Net cash used in/(provided by) investing activities		248,292	(27,363)
Cash flows from financing activities			
Proceeds from redeemable convertible note		500,000	-
Net cash provided by financing activities		500,000	-
NET DECREASE IN CASH HELD		(626,716)	(688,364)
Cash and cash equivalents at the beginning of the financial year		1,136,621	1,823,149
Effect of exchange rate fluctuations		221,220	1,836
Cash and cash equivalents at the end of the financial year	8	731,125	1,136,621

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

WebSpy Limited (**Parent Entity**) is a company domiciled in Australia. WebSpy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for the year ended 30 June 2010 comprise the Company and its subsidiaries (**Consolidated Group** or **Group**).

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

Basis of preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the Australian Accounting Standards (**AASBs**) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The consolidated financial report of the Company and the financial report of the Group comply with Australian Accounting Standards which ensures compliance with International Financial Reporting Standards (**IFRSs**) and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for WebSpy Limited, as an individual entity, are no longer presented as the consequence of a change to the *Corporations Act 2001*. Financial information for WebSpy Limited as an individual entity is included in Note 30.

The financial statements were approved by the Board of Directors on 30 September 2010.

Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by all entities in the Group.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group's operations and effective for the current reporting period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(i) Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

(ii) Accounting for business combinations

The Group has adopted AASB 3 *Business Combinations (revised 2008)* effective 1 July 2009 for business combinations occurring in the financial year commencing 1 July 2009. AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring from 1 July 2009. Changes affect the valuation of non-controlling interests (previously "minority 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.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy has been applied prospectively and has no material impact on earnings per share. The Group has applied the acquisition method for the business combination that occurred during year ended 30 June 2010 as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

(ii) Accounting for business combinations (cont'd)

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

(iii) Determination and presentation of operating segments

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Previously, operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Significant accounting judgements, 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 result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

Estimation of impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 11.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Significant accounting judgements, estimates and assumptions (cont'd)

Deferred taxation

Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised.

Basis of consolidation

The consolidated financial statements comprise the financial statements of WebSpy Limited and its subsidiaries (as outlined in note 23) as at and for the period ended 30 June each year (the **Group**).

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, 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.

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

Investments in subsidiaries held by WebSpy Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent Entity will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

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.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent Entity's share of components previously recognised in other comprehensive income to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Summary of Significant Accounting Policies

Business combinations

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 remeasured 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 remeasured.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the executive management team (the chief operating decision makers) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive management team include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of WebSpy Limited and its Australian subsidiaries is Australian Dollars (\$).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Foreign currency translation (cont'd)

The functional currencies of the overseas subsidiaries are as follows:

Entity	Functional currency
WebSpy UK Limited	Great British Pounds (GBP)
WebSpy US Inc	United States dollars (USD)
Ortas Enterprises Limited	Euro (EUR)
Marketboomer (Thailand) Co . Ltd	Thai Baht (THB)
Marketboomer China Limited	Chinese Renminbi (CNY)
Marketboomer Middle East FZLLC	United Arab Emirates Dirham (AED)
Marketboomer South Africa Pty Ltd	South African Rand (ZAR)
Marketboomer South East Asia Pte. Ltd	Singapore Dollar (SGD)
Marketboomer International Limited	Euro (EUR)
Marketboomer Hospitality Limited	Euro (EUR)

The functional currencies of the overseas subsidiaries are translated to the presentation currency.

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 reporting 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.

Translation of overseas subsidiaries' functional currency to presentation currency

The results of the overseas subsidiaries are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in overseas subsidiaries are taken to the foreign currency translation reserve. If an overseas subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant and equipment	over 2 to 5 years
---------------------	-------------------

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Leases

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

Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

WebSpy Limited performs annual impairment testing using the value in use methodology for the Marketboomer cash-generating unit to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in Note 12.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Goodwill and intangible assets (cont'd)

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

Policy	Patents	Development costs
Useful lives	Finite	Finite
Amortisation method used	Amortised over the period of expected future benefit from the related project on a straight-line basis	Amortised over the period of expected future benefit from the related project on a straight-line basis
Internally generated or acquired	Acquired	Internally generated
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end.

The patents have been granted for twenty years by the relevant government agency. Therefore, the assets have been assessed as having a finite life.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Goodwill and intangible assets (cont'd)

Research and development costs (cont'd)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

Loans and borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

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.

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.

Employee leave benefits

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

Liabilities for wages and salaries, including 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. 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Redeemable convertible notes

The component of the redeemable convertible notes that exhibit characteristics of a liability are recognised as a liability in the statement of financial position, net of transaction costs.

On issuance of the redeemable convertible notes, the fair value of the liability is carried as a long-term liability using the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Interest on the liability component of the instrument is recognised as an expense in profit or loss.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible notes based on the allocation of proceeds to the liability and equity components of the instruments are first recognised.

Contributed equity

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

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts and goods and services tax payable to the taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the following specific recognition criteria have been met:

Sale of goods

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and generally title has passed.

Rendering of services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the contract.

Interest income

Interest income is recognised using the effective interest method.

Income tax

Income tax revenue comprises current and deferred tax. Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Current income tax expense charged to profit or loss is the tax payable on the taxable income for the year, calculated using applicable income tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable (receivable) in respect of previous years.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year.

Deferred income tax assets and liabilities are recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences in the: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Income tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax Consolidation

The Parent Entity and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is WebSpy Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Parent Entity as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Parent Entity as an equity contribution or distribution.

The Parent Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Earnings per share

The Consolidated Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Entity by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Comparative figures

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

New accounting standards and interpretations applicable to future periods

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

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.
- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvement Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash settled Share-based Payment Transactions resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI 11 AASB 2 - Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

2. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included in Note 29.

The Group's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's and consolidated entity risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and consolidated entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and trade and other receivables. For the Parent Entity it arises from receivables due from subsidiaries.

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

Trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Purchase limits may be established where appropriate for individual customers in accordance with parameters set by management.

In addition, receivable balances are monitored on an ongoing basis and as a result that the Group's experience of bad debts has not been significant.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

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

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, redeemable convertible notes and unsecured interest-free loans.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

2. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

The Group manages liquidity risk by maintaining adequate reserves, monitoring the total expected and actual cash inflows and outflows on a monthly basis and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

In addition to maintaining sufficient liquid assets to meet short-term payments, at balance date, the Group had available approximately \$200,000 of unused credit facilities available for its immediate use. In September 2010, the Parent Entity served a drawdown notice on the financier in respect of the remaining \$200,000 of this facility. Refer to Note 31 for further details of this subsequent event.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Foreign currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Australian dollar (AUD), but also the Great British Pound (GBP), United States dollar (USD) and Euro (EUR). The currencies in which these transactions primarily are denominated are AUD, GBP, USD and EUR.

The Board does not consider the Group is materially exposed to changes in foreign exchange rates. As a result, the Group does not currently seek to mitigate its foreign currency exposures.

The Parent Entity's investments in subsidiaries are not hedged as that currency position is considered to be long-term in nature.

The Board believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Interest rate risk

The Group's exposure to interest rates primarily relates to the Group's long-term debt obligations. Fixed interest borrowings expose the consolidated entity to fair value interest rate risk, and variable rate borrowings expose the Group to cash flow interest rate risk.

The Board manages these risks by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. The Group does not hedge against these risks.

Capital management

When managing capital, the Board'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. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

Other than the allotments of securities pursuant to the subscription agreements described in Note 31 to these financial statements, the Board has no current plans to issue further shares on the market.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels. The Group had redeemable convertible notes and borrowings of \$1,717,564 at 30 June 2010 (2009: nil).

The Group has no formal financing and gearing policy or criteria during the year. This position has not changed from the previous year.

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

2. FINANCIAL RISK MANAGEMENT (cont'd)

Capital management (cont'd)

The Group is not subject to any externally imposed capital requirements.

		Consolidated Group	
		2010	2009
		\$	\$
3. REVENUE			
	Sale of goods	1,292,297	1,218,643
	Rendering of service	3,113,548	183,901
		4,405,845	1,402,544
4. OTHER INCOME AND EXPENSES			
	(a) Other income		
	Rental income	-	38,945
	Foreign currency translation gains	-	42,186
	Other income	201,927	(8,291)
		201,927	72,840
	(b) Other expenses		
	Foreign currency translation losses	148,769	-
		148,769	-
	(c) Expenses included in statement of comprehensive income		
	Depreciation	84,932	27,909
	Amortisation	(23,147)	-
	Rental expense on operating leases – minimum lease payments	317,288	302,481
	(d) Employee benefits expense		
	Salaries and wages	2,475,140	1,118,846
	Other associated personnel expenses	475,459	16,775
	Superannuation costs	148,025	94,741
	Increase/(decrease) in liability for annual leave	177,626	(3,664)
		3,276,250	1,226,698
5. FINANCE INCOME AND COSTS			
	(a) Finance income		
	Interest income	40,100	101,445
	(b) Finance costs		
	Interest expense	19,037	2,007
	Borrowing costs	11,507	-
		30,544	2,007

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

		Consolidated Group	
		2010	2009
		\$	\$
6. AUDITOR'S REMUNERATION			
	Audit and half year review services:		
	- audit and half year review of financial reports (WHK Horwath Perth Audit Partnership)	60,610	32,600
	- audit and half year review of financial reports (WHK Horwath Sydney Audit Partnership)	20,534	-
	- audit and half year review of financial reports (Moore Stephens Nathan)	13,685	-
	- audit and half year review of financial reports (Loke Lum and Partners)	1,403	-
	- audit and half year review of financial reports (A.S.K.N. International Audit Services)	2,109	-
		98,341	32,600
	Other services:		
	- fees in relation to attendance at general meeting (WHK Horwath Perth Audit Partnership)	1,780	240
		100,121	32,840
7. INCOME TAX			
	(a) Income tax benefit		
	The major components of income tax benefit are:		
	<i>Current income tax</i>		
	Income tax benefit for current period	-	19,979
	Adjustment for prior periods	-	(25,164)
	<i>Deferred income tax charge</i>		
	Relating to the original and reversal of timing differences	(163,599)	-
	Income tax benefit reported in the statement of comprehensive income	(163,599)	(5,185)
	(b) Numerical reconciliation between aggregate tax benefit recognised in the statement of comprehensive income and tax benefit calculated per the statutory income tax rate		
	A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
	Accounting loss before income tax	(1,593,305)	(1,100,023)
	At the Parent Entity's statutory income tax rate of 30% (2009: 30%)	(477,991)	(330,007)
	Foreign tax rate adjustment	110,956	-
	Research and development deduction	-	(5,185)
	Entertainment	586	(1,803)
	Legal fees	8,444	(22,816)
	Other	(33,924)	-
	Tax losses not recognised	228,330	354,626
	Aggregate income tax benefit	(163,599)	(5,185)

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

		Consolidated Group	
		2010	2009
		\$	\$
7. INCOME TAX (cont'd)			
	(c) Recognised deferred tax assets and liabilities		
	Deferred income tax at 30 June recognised in the statement of comprehensive income relates to the following:		
	<i>Deferred tax assets</i>		
	Employee benefits provision	576,374	-
	Doubtful debts provision	57,384	-
	Accrued expenses	72,265	-
	Unearned revenue received	342,443	-
		1,048,466	-
	Deferred tax asset at 30%	314,540	-
	<i>Deferred tax liabilities</i>		
	Capitalised product development costs	838,863	-
		838,863	-
	Deferred tax liabilities at 30%	251,659	-
	(d) Unrecognised temporary differences		
	Temporary differences for which deferred tax assets have not been recognised:		
	Employee benefits provision		31,991
	Unrecognised deferred tax assets relating to the above temporary differences		31,991
	(e) Tax losses		
	Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)		
	Potential at 30% (2009: 30%)	2,343,723	2,024,346

The Group has brought forward group tax losses, the availability of which has yet to be determined in accordance with Australian Taxation Law.

In addition, a subsidiary member that has joined the Australian tax consolidated group has significant brought forward losses, the availability of which has yet to be determined in accordance with Australian Taxation Law.

(f) Tax rates

The potential tax benefit at 30 June 2010 in respect of tax losses not brought to account has been calculated at 30% for Australian entities. This same rate applied for the year ended 30 June 2009.

8. CASH AND CASH EQUIVALENTS			
	Cash at bank and on hand	721,125	1,105,621
	Term deposit	10,000	31,000
		731,125	1,136,621

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

		Consolidated Group	
		2010	2009
		\$	\$
9.	TRADE AND OTHER RECEIVABLES		
	Current		
	Trade receivables	1,298,715	207,492
	Allowance for impairment loss (a)	(57,795)	-
		1,240,920	207,492
	Other receivables	77,626	133,518
	Allowance for impairment loss (a)	-	(112,506)
		77,626	21,012
	Loan to key management personnel (b)	12,654	-
	Deposits (c)	26,438	30,290
		1,357,638	258,794
	Non Current		
	Other receivables	18,458	-
	Deposits (c)	-	16,860
		18,458	16,860
	(a) Credit risk and impairment losses		
	The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 29.		
	(b) Related party receivables		
	For terms and conditions of related party receivables refer to Note 22.		
	(c) Deposits		
	Deposits represented amounts lodged as security pursuant to property rental agreements for the following entities in the Group:		
	Marketboomer Hospitality Limited	1,028	-
	Marketboomer Middle East FZLLC	4,533	-
	Marketboomer South East Asia Pte. Ltd	2,004	-
	Marketboomer China Limited	13,684	-
	Marketboomer (Thailand) Co. Ltd	905	-
	Marketboomer Pty Ltd	4,284	-
	WebSpy US Inc	-	7,501
	WebSpy UK Limited	-	22,789
	WebSpy Limited	-	16,860
		26,438	47,150
10.	OTHER ASSETS		
	Prepayments	21,116	14,816

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

11. PROPERTY, PLANT AND EQUIPMENT	Consolidated Group		
	Plant & Equipment	Leasehold Improvements	Total
At 1 July 2009	46,028	-	46,028
Acquisitions through business combinations	96,687	-	96,687
Other additions	79,384	-	79,384
Exchange differences	(293)	-	(293)
Depreciation charge for the year	(84,932)	-	(84,932)
At 30 June 2010, net of accumulated depreciation	136,874	-	136,874
At 30 June 2010			
Cost	1,554,694	-	1,554,694
Accumulated depreciation	(1,417,820)	-	(1,417,820)
Net carrying amount	136,874	-	136,874
At 1 July 2008	46,824	-	46,824
Other additions	27,362	-	27,362
Disposals	(558)	-	(558)
Exchange differences	309	-	309
Depreciation charge for the year	(27,909)	-	(27,909)
At 30 June 2009, net of accumulated depreciation	46,028	-	46,028
At 30 June 2009			
Cost	961,196	175,078	1,136,274
Accumulated depreciation	(915,168)	(175,078)	(1,090,246)
Net carrying amount	46,028	-	46,028

12. INTANGIBLE ASSETS	Consolidated Group			
	Development costs	Patents	Goodwill	Total
At 1 July 2009	-	-	-	-
Acquisitions through business combinations	711,518	8,167	3,296,593	4,016,278
Additions – internal development	99,584	-	-	99,584
Adjustments to accumulated amortisation	58,669	-	-	58,669
Amortisation charge for the year	(30,909)	-	-	(30,909)
At 30 June 2010, net of accumulated depreciation	838,862	8,167	3,296,593	4,143,622
At 30 June 2010				
Cost (gross carrying amount)	869,771	8,167	3,296,593	4,174,531
Accumulated amortisation	(30,909)	-	-	(30,909)
Net carrying amount	838,862	8,167	3,296,593	4,143,622

There were no intangible assets held at 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

12. INTANGIBLE ASSETS (cont'd)

(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 statement of comprehensive income in the line item "research and development expenses". 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) Patents

Patents have been acquired through business combinations and are carried at cost less 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 10 years. Amortisation has not yet been recognised in the statement of comprehensive income as the amount for the current year is not material. The patents have been granted for twenty years by the relevant government agency. 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.

(iii) 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 tests for goodwill

Goodwill acquired through business combinations and patents have been allocated to and are tested at the level of the cash generating unit, Marketboomer, which is both an operating segment and a reportable segment (refer to Note 26), for impairment testing.

The recoverable amount of the Marketboomer unit is determined based on a value in use calculation using cash flow projections as at 30 June based on financial budgets approved by management covering a five-year period.

The calculations of value in use for the Marketboomer unit were based on the following key assumptions:

- Future cash flows estimated based on past performance and expectations for the future, including planned entrances into new regions and securing of new or expansion of existing clients.
- Post-tax, risk-adjusted discount rate of 17.89% and having regard to the weighted average cost of capital of the Group.
- Cash flows beyond the five-year period are extrapolated using a 3% growth rate.

If any of the assumptions above were to significantly change this may have a material impact on the value in use calculation. However, there were no reasonably possible changes in any of the key assumptions that would have caused the carrying amount of the Marketboomer unit to exceed its recoverable amount.

13. TRADE AND OTHER PAYABLES

Trade creditors
Other creditors and accruals

Consolidated Group	
2010	2009
\$	\$
353,399	137,854
558,318	109,524
911,717	247,378

The Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

		Consolidated Group	
		2010	2009
		\$	\$
14. OTHER CURRENT LIABILITIES			
	Deferred income	342,443	-
	Deferred income consists of licence fees paid in advance.		
15. PROVISIONS			
	Current		
	Liability for employee benefits	519,669	64,054
	Non Current		
	Liability for employee benefits	56,707	42,582
	Movements in provisions		
	At 1 July	106,636	110,299
	Acquisitions through business combinations	301,537	0
	Arising during the year	254,901	125,387
	Utilised	(73,616)	(129,050)
	Unused amounts reversed	(13,082)	-
	At 30 June	576,376	106,636

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Group does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The amount provided for leave that is not to be expected to be taken or paid within the next 12 months is \$56,707 (2009: \$42,582).

16. BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and liquidity risks, see note 29.

	Current		
	Unsecured loan	94,115	-
	Unsecured bank loan	126,210	-
		220,325	-
	Non Current		
	Unsecured loan	997,239	-

Terms of borrowings

Unsecured loan – current

The unsecured loan classified as current does not bear interest and has no specified repayment date.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

16. BORROWINGS (cont'd)

Terms of borrowings (cont'd)

Unsecured bank loan –current

The unsecured bank loan classified as current bears interest at a rate of 12.95% pa.

Unsecured loan – non current

Pursuant to a loan agreement between the Parent Entity, Finecross Security Limited (**Finecross**) and Marketboomer International Limited (**MBI**) dated 8 October 2009 (**Loan Agreement**), Finecross confirmed certain terms and conditions of the unsecured loan of A\$997,239 to MBI acceptable to the Parent Entity (**Unsecured Loan**).

The term of the Unsecured Loan commenced on 20 November 2009, the date of Marketboomer Group acquisition (see Note 24) (**Commencement Date**) and ends on the date of repayment of the Unsecured Loan in full (**Term**). The Unsecured Loan is interest free.

Repayment of the Unsecured Loan will not commence until two years from the Commencement Date at which time the monthly amount of each repayment of the Unsecured Loan will be the lesser of:

- \$50,000; and
- 15% of the net operating cash surplus generated by Marketboomer Pty Ltd and Ortas Enterprises Limited.

Subject to first obtaining all necessary shareholder and regulatory approvals, the Parent Entity may elect, at any time during the Term to repay the outstanding balance of the Unsecured Loan by the issue of fully paid ordinary shares in WebSpy Limited, the number of which will be determined based on a 30-day volume weighted average share price.

The outstanding balance of the Unsecured Loan will become immediately due and payable in cash in the event that a person or group of associated persons (who are not associated with the original Marketboomer Group vendors) obtain control of MBI or the Parent Entity.

The Loan Agreement is governed by the laws of Western Australia and otherwise contains terms and conditions usually found in agreements of this kind.

Pursuant to the terms of the Convertible Note Facility (see Note 17 below), Finecross has entered into a Deed of Subordination with the Parent Entity, MBI and CVC to rank the repayment of the Convertible Note Facility ahead of the Unsecured Loan.

	Maturity Date	Consolidated Group	
		2010	2009
17. REDEEMABLE CONVERTIBLE NOTES		\$	\$
Non Current			
Redeemable convertible notes	2012	500,000	-

(a) Terms of notes

Pursuant to a convertible note facility deed between the Parent Entity and CVC Private Equity Limited (**CVC**) dated 18 March 2010, CVC agreed to make a \$700,000 facility available to the Parent Entity by the issue of secured redeemable convertible notes (**Convertible Note Facility**) to CVC.

The Convertible Note Facility commenced on 18 March 2010, the date of the first drawdown and has a maturity date of 17 March 2012 (**Maturity Date**).

Interest accrues on each note on a daily basis from the date of issue at a rate of 12% per annum and is payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

17. REDEEMABLE CONVERTIBLE NOTES (cont'd)

(a) Terms of notes (cont'd)

At 30 June 2010, there were 25,000,000 redeemable convertible notes on issue. Each note has a face value of \$0.02 and is convertible on or before the Maturity Date at the option of CVC into ordinary shares on the basis of one ordinary share for each note held and subject to certain adjustments pursuant to the Convertible Note Facility. CVC may also elect to convert unpaid interest into ordinary shares at a deemed issue price of \$0.02, subject to certain adjustments.

If CVC does not elect to convert the notes prior to Maturity Date, the notes will be redeemed and the Parent Entity must repay the Convertible Note Facility plus any unpaid interest on the Maturity Date.

Where an event of default occurs, CVC will be entitled to redeem or convert the notes plus any unpaid interest in accordance with the terms of the Convertible Note Facility.

The Convertible Note Facility Deed is governed by the laws of New South Wales and otherwise contains terms and conditions usually found in agreements of this kind.

Pursuant to the terms of the Convertible Note Facility, Finecross has entered into a Deed of Subordination with the Parent Entity, MBI and CVC to rank the repayment of the Convertible Note Facility ahead of the Unsecured Loan – Non Current (see Note 16 above).

(b) Assets pledged as security

The Convertible Note Facility is secured by:

- a first ranking fixed and floating charge over the assets of WebSpy Limited; and
- a first ranking fixed and floating charge over the assets of Marketboomer Pty Ltd.

(c) Fair value

The Directors consider that the carrying amounts of the redeemable convertible notes recorded in the financial statements approximate their fair values.

Having regard to the specific terms and conditions of the Convertible Note Facility and for the purposes of the Australian Accounting Standards, the Directors have determined the equity portion of the redeemable convertible notes is immaterial and have therefore treated the notes as a non current liability.

(c) Interest rate and liquidity risks

The Group's exposure to interest rate and liquidity risks relating to redeemable convertible notes is disclosed in Note 29.

18. CONTRIBUTED EQUITY

236,141,275 (2009: 119,141,275) fully paid ordinary shares

Consolidated Group	
2010	2009
\$	\$
20,500,712	17,500,386

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

18. CONTRIBUTED EQUITY (cont'd)

(a) Ordinary shares

The following movements in ordinary share capital occurred during the year:

	2010 Number of Shares	2009 Number of Shares	2010 \$	2009 \$
Balance at beginning of year	119,141,275	119,141,275	17,500,386	17,500,386
Issue of shares at \$0.01 each as part consideration for acquisition of Marketboomer Group (see Note 24)	115,000,000	-	1,150,000	-
Issue of shares at \$0.02 each as consideration for Convertible Note	2,000,000	-	42,500	-
Facility fee (see Note 17)	-	-	1,807,826	-
Recognition of contingent consideration ¹	-	-	-	-
Balance at end of year	236,141,275	119,141,275	20,500,712	17,500,386

1. The contingent consideration for the acquisition of the Marketboomer Group was transferred from the deferred shares reserve to contributed equity during the year due to the achievement of a performance hurdle under the share sale agreements. Following an independent review of the performance hurdle, 361,565,100 fully paid ordinary shares were issued to the vendors of the Marketboomer Group on 23 August 2010. Refer Notes 19, 24 and 31 for further details.

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Parent Entity in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

There are no unissued ordinary shares in the Parent Entity under option.

(c) Capital management

The Group's objectives when managing capital are disclosed in Note 2.

19. RESERVES

Deferred shares reserve

	2010 \$	2009 \$
Balance at beginning of the year	-	-
Recognition of contingent consideration	1,807,826	-
Transfer of contingent consideration to contributed equity	(1,807,826)	-
Balance at the end of the year	-	-

Foreign currency translation reserve

	2010 \$	2009 \$
Balance at beginning of the year	(103,440)	(109,857)
Currency translation differences	216,860	6,417
Balance at the end of the year	113,420	(103,440)

TOTAL RESERVES

Consolidated Group	
2010 \$	2009 \$
113,420	(103,440)
113,420	(103,440)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

19. RESERVES (cont'd)

Deferred shares reserve

This reserve was used to record the fair value of contingent consideration relating to the acquisition of the Marketboomer Group (refer Notes 24 and 31 for further details).

Foreign currency translation reserve

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

20. ACCUMULATED LOSSES

Consolidated Group	
2010	2009
\$	\$
Accumulated losses at beginning of year	(15,172,633)
Loss for the year	(1,105,208)
Accumulated losses at end of year	(16,277,841)

21. NON-CONTROLLING INTERESTS

Contributed equity	17,028	-
Accumulated losses	6,144	-
Total	23,172	-

22. KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Short-term employee benefits	619,133	360,769
Post-employment benefits	37,496	53,484
Total compensation	656,629	414,253

Detailed remuneration disclosures are provided in the Remuneration Report on pages 10 to 13.

Shareholdings of key management personnel

Director	Held at 1 July 2009	Held at date of appointment	Purchases	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2010
Mr D Monahan	N/A	2,200,940	-	-	-	N/A	2,200,940
Mr J Andrys	8,753,878	-	100,000	-	-	N/A	8,853,878
Mr B Donovan	N/A	-	-	-	-	N/A	-
Mr K Redstall	N/A	-	-	-	-	N/A	-
Mr W Brooks	6,879,235	-	-	-	-	6,879,235	N/A
Mr J Chua	16,357,500	-	-	-	-	16,357,500	N/A
Mr F Galbally	-	-	-	-	-	-	N/A
Mr T McGellin	6,075,886	-	2,656,060	-	8,731,946	-	N/A

Executive	Held at 1 July 2009	Held at date of appointment	Purchases	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2010
Mr Gyaneshwar	N/A	7,809,207	-	-	-	N/A	7,809,207

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

22. KEY MANAGEMENT PERSONNEL (cont'd)

Shareholdings of key management personnel (cont'd)

Director	Held at 1 July 2008	Held at date of appointment	Purchases	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2009
Mr J Andrys	8,753,878	N/A	-	-	-	N/A	8,753,878
Mr W Brooks	6,829,235	N/A	50,000	-	-	N/A	6,879,235
Mr J Chua	N/A	16,357,500	-	-	-	N/A	16,357,500
Mr F Galbally	N/A	-	-	-	-	N/A	-
Mr T McGellin	6,075,886	N/A	-	-	-	N/A	6,075,886
Mr JSG Chua	16,357,500	N/A	-	-	-	16,357,500	N/A

There were no executives in the 2009 financial year. No shares were granted to key management personnel during the reporting period as compensation.

Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amount recognised during the year relating to key management personnel and their related parties were as follows:

Director	Transaction	Note	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
			2010	2009	2010	2009
Mr B Donovan	Consultancy fees	1	4,766	-	-	-
Mr K Redstall	Consultancy fees	2	50,200	-	-	-
		3	17,500	-	-	-
Mr W Brooks	Consultancy fees	4	10,800	-	-	-
Mr F Galbally	Consultancy fees	5	7,273	-	-	-
Mr T McGellin	Consultancy fees	6	9,000	-	-	-

Notes in relation to the table of related party transactions

- Mr Donovan provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on a monthly basis.
- A company associated with Mr Redstall provides consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on a monthly basis.
- A company associated with Mr Redstall received a success fee for assisting in negotiating the Convertible Note Facility with CVC (refer Note 17 for details of the Convertible Note Facility). The amount was payable within seven days of the Parent Entity signing the Convertible Note Facility Deed with CVC.
- Mr Brooks provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on a monthly basis.
- Mr Galbally provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on a monthly basis.
- Mr McGellin provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on a monthly basis.

There were no other key management personnel transactions during the 2009 or 2010 financial years.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

22. KEY MANAGEMENT PERSONNEL (cont'd)

Loan to key management personnel

(i) Details of loan to key management personnel:

	Group	
	2010	2009
	\$	\$
Current		
Loan to key management personnel	12,564	-

(ii) Terms and conditions of loan to key management personnel

The loan to key management personnel is unsecured and interest free.

23. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of WebSpy Limited and its subsidiaries listed in the following table:

			Equity Interest	Equity Interest
Name	Country of Incorporation	Date of Incorporation	2010	2009
			%	%
WebSpy UK Limited	United Kingdom	7 January 1998	100%	100%
Netlink Unit Trust	Australia	24 July 1996	100%	100%
Netlink (WA) Pty Ltd	Australia	1 July 1999	100%	100%
WebSpy US Inc	United States	8 September 2000	100%	100%
Ortas Enterprises Limited	Cyprus	14 September 2004	100%	-
Marketboomer (Thailand) Co. Ltd	Thailand	25 December 2009	49%	-
Marketboomer Pty Ltd	Australia	21 August 1997	100%	-
Marketboomer China Limited	China	7 April 2006	100%	-
Marketboomer Middle East FZLLC	United Arab Emirates	13 March 2006	100%	-
Marketboomer South Africa Pty Ltd	South Africa	6 June 2008	100%	-
Marketboomer South East Asia Pte. Ltd	Singapore	11 April 2008	100%	-
Marketboomer International Limited	Ireland	5 April 2004	100%	-
Marketboomer Hospitality Limited	Ireland	6 February 2006	100%	-
ACN 127 641 641 Pty Ltd	Australia	20 September 2007	100%	-

(b) Ultimate parent

WebSpy Limited is the ultimate parent entity, incorporated in Australia on 20 September 1994.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 22.

(d) Loans to related parties

Loans are made by the Parent Entity, WebSpy Limited, to its wholly owned subsidiaries for capital purchases and working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in Note 23.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

23. RELATED PARTY DISCLOSURES (cont'd)

(d) Loans to related parties (cont'd)

Aggregate amounts receivable from the Consolidated Group are as follows:

	Parent Entity	
	2010 \$	2009 \$
Non Current		
Loans to subsidiaries	8,534,527	7,777,686
Allowance for impairment loss	(7,785,377)	(7,741,288)
	749,150	36,398

No dividends were received from the subsidiaries in the 2010 or 2009 financial year.

24. BUSINESS COMBINATIONS

Acquisition of the Marketboomer Group

On 20 November 2009, WebSpy Limited acquired 100% of the voting shares of the Marketboomer group of entities (**Marketboomer Group**), which own the Marketboomer business, an Internet based procurement and materials management system, and associated assets.

The entities and interests acquired are set out below:

	Equity interest	Country of incorporation
Marketboomer Pty Ltd	100%	Australia
ACN 127 641 641 Pty Ltd	100%	Australia
Ortas Enterprises Limited	100%	Cyprus
Marketboomer China Limited	100%	China
Marketboomer Middle East FZLLC	100%	United Arab Emirates
Marketboomer South Africa Pty Ltd	100%	South Africa
Marketboomer South East Asia Pte Ltd	100%	Singapore
Marketboomer International Limited	100%	Ireland
Marketboomer Hospitality Limited	100%	Ireland

The consideration transferred was \$2,957,826 and comprised an issue of fully paid ordinary shares and a contingent consideration component. WebSpy issued 115,000,000 fully paid ordinary shares in the Company (**Shares**) and 361,565,100 deferred Shares (**Deferred Shares**) (together, the **Consideration Shares**) to the vendors of the Marketboomer Group at a deemed issue price of 1 cent per Consideration Share, following shareholder approval at the Company's general meeting held 16 November 2009.

The Consideration Shares have been valued at 1 cent per Consideration Share based on the deemed issue price ascribed in the Share Sale Agreements with Marketboomer Pty Ltd and Ortas Enterprises Limited. The published price of the shares at the date of acquisition (2.7 cents) was not used as it was not reflective of the fair value at that date as the increase in price was as a result of the acquisition. Notably, an independent valuation carried out for the purposes of the acquisition determined the fair value of the Consideration Shares to be in the range of \$0.0081 and \$0.0117. In determining the fair value of the shares, the independent valuer considered the weighted average market price prior to the announcement of the acquisition. The independent valuer also factored in the low level of liquidity to discount the traded share price to obtain a more reflective value of those Consideration Shares.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

24. BUSINESS COMBINATIONS (cont'd)

The Deferred Shares were to be issued to the vendors of the Marketboomer Group upon the occurrence of one of the following events within three years of the settlement date of the acquisition:

- (a) revenue from the Marketboomer Group for three consecutive months aggregating to more than \$1,875,000;
- (b) processed transactions from the Marketboomer Group for three consecutive months aggregating to more than 250,000 transactions; or
- (c) an entity not associated with any of the vendors of the Marketboomer Group making a takeover bid for all of the issued shares in WebSpy (**Deferred Events**).

If these Deferred Events did not occur within a three year period from the settlement date of the Acquisition, the Deferred Shares would not be allotted.

It was determined that the potential undiscounted amount of contingent consideration was between \$0 and \$3,615,651. The Group forecast several scenarios, and probability weighted each to determine a fair value for the contingent consideration as at the acquisition date, which was included in the determination of the \$1,807,826 contingent consideration transferred.

Following an independent review of transactions processed by the Marketboomer Group (which confirmed that the transactions processed aggregated more than 250,000 in a consecutive 3-month period), it was determined on 23 August 2010 that the Marketboomer Group had achieved one of the Deferred Events. Refer to Note 31 for further details of this subsequent event.

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of the Marketboomer Group based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	Fair value \$	Provisional Values as at 31 Dec 2009 \$	Carrying Amount \$
Property, plant and equipment	96,687	96,687	95,495
Deferred tax asset	112,737	112,737	-
Intangible assets	719,685	719,685	2,224,493
Trade receivables	988,633	988,633	988,633
Cash and cash equivalents	427,261	427,261	427,166
	2,345,003	2,345,003	3,735,787
Loans and borrowings	(1,225,946)	(1,114,434)	(1,225,946)
Deferred income	(232,650)	(232,650)	(232,650)
Trade and other payables	(1,011,719)	(1,011,719)	(1,011,719)
Deferred tax liability	(213,455)	(213,455)	-
	(2,683,770)	(2,572,258)	(2,470,315)
Goodwill arising on acquisition	3,296,593		
Consideration transferred	2,957,826		
Acquisition-date fair value of consideration transferred			
Shares issued, at fair value	1,150,000		
Contingent consideration	1,807,826		
Consideration transferred	2,957,826		

The statement of comprehensive income includes sales revenue and net loss for the year of \$2,862,371 and \$694,816 respectively, as a result of the acquisition of the Marketboomer Group. Given the acquisition was completed on 20 November 2009, management believes it is not reasonable to disclose the contribution of the Marketboomer Group had the acquisition had been effected on 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

24. BUSINESS COMBINATIONS (cont'd)

Key factors contributing to the \$3,296,593 of goodwill are the synergies existing within the acquired business, and synergies expected to be achieved as a result of combining the Marketboomer Group with the rest of the Group.

The Group incurred acquisition-related costs of \$149,018 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in corporate and administrative expenses in the Group's consolidated statement of comprehensive income.

Acquisition of interest in Marketboomer (Thailand) Limited

On 15 January 2010, the Parent Entity incorporated Marketboomer (Thailand) Limited and acquired 49% of the issued capital for THB 490,000 (A\$16,588) satisfied in cash. Marketboomer (Thailand) Limited's principal activity is the development, marketing and sales of Marketboomer, an Internet based procurement and materials management system, in Thailand.

From the date of incorporation, Marketboomer (Thailand) Limited contributed a net profit of \$5,903 to the net loss of the Group.

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases on its offices. These non-cancellable leases have minimum remaining terms of between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Future minimum rentals payable under the non-cancellable operating leases as at 30 June are as follows:

	Consolidated Group	
	2010	2009
	\$	\$
Within one year	271,031	204,078
After one year but not more than five years	245,025	427,329
	516,056	631,407

Subsequent to balance date, the Parent Entity, with the consent of the lessor of the office premises in West Perth, assigned the office lease to a third party. Accordingly, the following commitment relevant to this lease premises included in the commitment above has been extinguished:

Within one year	98,550	-
After one year but not more than five years	229,950	-
	328,500	-

The Group has entered into commercial leases on certain items of equipment. These non-cancellable leases have minimum remaining terms of between one and two years. The leases generally provide the Group with a right of renewal.

Future minimum rentals payable under the non-cancellable operating leases as at 30 June are as follows:

Within one year	34,839	-
After one year but not more than five years	24,566	-
	59,405	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

25. COMMITMENTS AND CONTINGENCIES (cont'd)

Service commitments

The Company has entered into a mandate with Technology Capital Pty Ltd (**Technology Capital**), a company associated with Mr Redstall, to provide consultancy services in connection with the operations of the Company, under which Technology Capital receives \$8,000 per month. At 30 June 2010, the unexpired portion of the term of agreement amounts to \$12,000.

Refer to Note 22 for details of these key management personnel transactions during the year.

Pursuant to the mandate with Technology Capital, and as a consequence of shareholder approval having been obtained for the Marketboomer acquisition (see Note 24), the Company is also committed to issuing 3,500,000 fully paid ordinary shares in the capital of the Company for no issue price to Technology Capital. The issue of shares is subject to shareholder approval.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

Within one year	309,742	93,750
After one year but not more than five years	682,350	-
	992,092	93,750

Amounts disclosed as remuneration commitments include commitments arising from the employment agreements of directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of key management personnel.

Contingencies

The Group does not have any contingent liabilities at balance and reporting dates.

26. SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The Group has identified its business units based on the internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The following summary describes the operations in each of the Group's reportable segments:

- *WebSpy*: Internet monitoring, analysis, and reporting software.
- *Marketboomer*: Internet based procurement and materials management system.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

26. SEGMENT INFORMATION (cont'd)

30 June 2010	WebSpy \$	Marketboomer \$	Consolidated \$
Segment revenue and income	1,447,793	3,159,060	4,606,853
Other unallocated revenue and income			40,100
Total revenue and income			4,646,953
Segment result	(662,111)	(566,023)	(1,228,134)
Unallocated revenues and expenses			(201,571)
Loss from ordinary activities before income tax expense			(1,429,705)
Depreciation and amortisation	(30,174)	(31,611)	(61,785)
Segment assets	4,222,246	2,501,127	6,723,373
Capital expenditure	(14,018)	(164,950)	(178,968)
Segment liabilities	(978,423)	(2,821,336)	(3,799,759)
30 June 2009			
Segment revenue and income	1,433,198	-	1,433,198
Other unallocated revenue and income	-	-	101,445
Total revenue and income			1,534,643
Segment result	(982,402)	-	(982,402)
Unallocated revenues and expenses			(122,806)
Loss from ordinary activities before income tax expense			(1,105,208)
Depreciation and amortisation	(27,909)	-	(27,909)
Segment assets	1,473,119	-	1,473,119
Capital expenditure	(27,362)	-	(27,362)
Segment liabilities	(350,014)	-	(350,014)

The Group has not presented geographical information as the necessary information is not available and management believes the cost to develop such information would be excessive.

27. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of \$1,435,849 (2009 loss: \$1,105,208) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 189,656,343 (2009: 119,141,275) calculated as follows:

	Consolidated Group	
	2010 \$	2009 \$
Loss attributable to ordinary shareholders		
Net loss for the year	(1,435,849)	(1,105,208)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

27. LOSS PER SHARE

Weighted average number of ordinary shares	2010 Number	2009 Number
Balance at beginning of the year	119,141,275	119,141,275
Effect of shares issued 20 November 2009	69,945,205	-
Effect of shares issued 18 March 2010	569,863	-
	189,656,343	119,141,275

There are no potential ordinary shares on issue.

28. CASH FLOW STATEMENT RECONCILIATION

	Consolidated Group	
	2010 \$	2009 \$
(a) Reconciliation of net loss after tax to net cash used in operating activities		
Net loss after income tax	(1,429,705)	(1,105,208)
Adjustments for:		
Depreciation	84,932	27,909
Amortisation	(23,147)	-
Impairment loss on inventories	-	12,111
Foreign exchange loss	(178,028)	(2,548)
Share based payments	42,500	-
Operating loss before changes in working capital and provisions	(1,503,448)	(1,067,736)
Changes in assets and liabilities:		
Change in trade and other receivables	(64,718)	440,989
Change in prepayments	13,650	14,076
Change in deferred tax assets	(201,803)	-
Change in deferred tax liabilities	38,204	-
Change in trade and other payables	231,011	(44,666)
Change in provisions	112,096	(3,664)
Net cash used in operating activities	(1,375,008)	(661,001)

(b) Non-cash investing and financing activities

On 20 November 2009, the Parent Entity issued 115,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 per share as part consideration for the acquisition of a 100% interest in the Marketboomer group of entities (see Note 24). The acquisition was approved by shareholders on 16 November 2009.

On 18 March 2010, the Parent Entity entered into a convertible note facility deed with CVC Private Equity Limited (**CVC**) pursuant to which the Company issued 2,000,000 fully paid ordinary shares at a deemed issue price of \$0.02 per share on 18 March 2010 in satisfaction of the facility fee payable to CVC (see Note 17).

These transactions are not reflected in the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

29. FINANCIAL INSTRUMENTS DISCLOSURE

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Group Carrying Amount	
	2010 \$	2009 \$
Cash and cash equivalents	731,125	1,136,621
Trade and other receivables - current	1,357,638	258,794
Trade and other receivables - non current	18,458	16,680
	2,107,221	1,412,095

The credit quality is assessed and monitored as follows:

Credit quality of financial assets	Equivalent S&P rating ¹		Internally rated ²			Total
	A+ and above	BBB and below	New customers	Closely monitored customers	No default customers	
At 30 June 2010						
Cash and cash equivalents	731,125	-	-	-	-	731,125
Trade receivables - current	-	-	295,545	115,031	888,139	1,298,715
Other receivables and deposits - current	-	-	35,006	-	81,712	116,718
Trade and other receivables - non current	-	-	18,458	-	-	18,458
	731,125	-	349,009	115,031	969,851	2,165,016
At 30 June 2009						
Cash and cash equivalents	1,136,621	-	-	-	-	1,136,621
Trade receivables - current	-	-	130,910	9,929	66,653	207,492
Other receivables and deposits - current	-	-	-	-	51,302	51,302
Trade and other receivables - non current	-	-	-	-	16,680	16,680
	1,136,621	-	130,910	9,929	134,635	1,412,095

- The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
- New customers are counterparties with whom the Group has traded for less than one year. No default customers are customers with whom the Group has traded for greater than one year and have no history of default, late payments, renegotiated terms or breach of their credit terms within the past two years. Closely monitored customers are customers with whom the Group has traded for greater than one year and do not qualify as no default customers.

Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$57,795 has been recognised by the Group in the current year (2009: nil). These amounts have been included in the marketing and selling expenses item in the statement of comprehensive income. No individual amount within the impairment allowance is material.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

29. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Credit risk (cont'd)

Movements in the provision for impairment loss were as follows:

	Consolidated Group Carrying Amount	
	2010 \$	2009 \$
At 1 July	-	-
Acquisitions through business combinations	46,050	-
Charge for the year	20,183	-
Amounts written off	(8,438)	-
At 30 June	57,795	-

In addition, trade receivables totalling \$22,989 were written off during the year (2009: nil). These amounts were included in the marketing and selling expenses item in the statement of comprehensive income.

The ageing analysis of trade receivables at reporting date was:

0-30 days	508,499	110,146
31-60 days	231,979	44,952
61-120 days	286,169	8,780
More than 121 days	272,068	43,614
	1,298,715	207,492

Receivables past due but not considered impaired are \$558,237 (2009: \$52,394). Payment terms on these amounts have not been renegotiated. However, each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Liquidity risk

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	Carrying amount	Contractual cash flows	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
At 30 June 2010							
Trade creditors	353,399	(353,399)	(353,399)	-	-	-	(353,399)
Other creditors and accruals	558,318	(558,318)	(558,318)	-	-	-	(558,318)
Unsecured loan – current	94,115	(94,115)	-	-	-	(94,115)	(94,115)
Unsecured bank loan	126,210	(172,177)	(29,516)	(29,516)	(113,145)	-	(172,177)
Unsecured loan – non current	997,239	(997,239)	-	-	(997,239)	-	(997,239)
Redeemable convertible notes	500,000	(602,904)	(30,247)	(29,753)	(542,904)	-	(602,904)
	2,629,281	(2,778,152)	(971,480)	(59,269)	(1,653,288)	(94,115)	(2,778,152)
At 30 June 2009							
Trade creditors	137,854	(137,854)	(137,854)	-	-	-	(137,854)
Other creditors and accruals	109,524	(109,524)	(109,524)	-	-	-	(109,524)
	247,378	(247,378)	(247,378)	-	-	-	(247,378)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

29. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Foreign currency risk

Exposure to foreign currency risk

The Group had the following exposure to foreign currency risk at balance date that is not designated in cash flow hedges:

	Consolidated Group Carrying Amount	
	2010 \$	2009 \$
Financial assets		
Cash and cash equivalents	321,373	88,049
Trade and other receivables	885,236	185,592
	1,206,609	273,641
Financial liabilities		
Trade and other payables	223,572	145,023
Borrowings	1,217,564	-
	1,441,136	145,023
Net exposure	(234,527)	128,618

The Parent Entity carries inter-company loans with its subsidiaries (refer Note 23). The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Parent Entity	
	2010 \$	2009 \$
Non Current		
Loans to subsidiaries	8,534,527	7,777,686
Allowance for impairment loss	(7,785,377)	(7,741,288)
	749,150	36,398

The loans are denominated in the functional currency of the subsidiaries (see Note 1 for information on functional currencies), and are translated at reporting date at the prevailing spot rates through the income statement. To the extent appropriate, a provision for impairment loss is recognised when there is objective evidence that a loan is impaired. The net carrying value (in AUD) of the loans in the financial statements of the Parent Entity (after impairment) at 30 June 2010 is \$749,150 (2009: \$36,398).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010 \$	2009 \$	2010 \$	2009 \$
GBP	0.5612	0.4637	0.5666	0.4872
USD	0.8839	0.7442	0.8523	0.8114
EUR	0.6411	N/A	0.6979	N/A

Sensitivity analysis

Based on the financial instruments held at 30 June, a 10% strengthening/weakening of the Australian Dollar against the British Pound, United States dollar and Euro at 30 June would have reduced the profit for the year by \$26,058 and increased the profit by \$21,320 respectively (2009: reduced the profit for the year by \$11,693 and increased the profit by \$14,291 respectively), mainly as a result of foreign exchange losses/gains on translation of foreign currency denominated financial instruments. The impact was lesser in 2009 owing to the smaller balance sheet exposures as noted above.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

29. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis (cont'd)

The foreign exchange movement for the above sensitivity analysis was based on foreign exchange risk exposures existing at balance sheet date.

Management assessed a 10% movement as being reasonably possible based on short term historical movements.

The Group's exposure to other foreign exchange movements is not material.

Interest rate risk

Profile

The Group had the following exposure to interest rate risk at reporting date that is not designated in cash flow hedges:

	Consolidated Group Carrying Amount	
	2010	2009
	\$	\$
<u>Fixed rate instruments</u>		
Financial liabilities		
Unsecured bank loan	(126,210)	-
Redeemable convertible notes	(500,000)	-
	(626,210)	-
<u>Variable rate instruments</u>		
Financial assets		
Cash and cash equivalents	731,125	1,136,621
	104,915	1,136,621

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The reasonable change has been calculated on the basis of historical changes in interest rates. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
30 June 2010		
Variable rate instruments	7,311	(7,311)
30 June 2009		
Variable rate instruments	11,366	(11,366)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

29. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

30. PARENT ENTITY INFORMATION

The following details information related to the parent entity, WebSpy Limited, at 30 June 2010. The information presented has been prepared using accounting policies as disclosed in Note 1.

Statement of financial position

	Parent Entity	
	2010 \$	2009 \$
CURRENT ASSETS		
Cash and cash equivalents	34,876	1,040,365
Trade and other receivables	22,365	21,012
Total Current Assets	57,241	1,061,377
NON CURRENT ASSETS		
Other receivables	749,150	36,398
Property, plant and equipment	5,950	8,981
Investments in subsidiaries	2,974,413	-
Total Non Current Assets	3,729,513	45,379
TOTAL ASSETS	3,786,754	1,106,756
CURRENT LIABILITIES		
Trade and other payables	217,746	53,644
Short-term provisions	-	1,973
Total Current Liabilities	217,746	55,617
NON CURRENT LIABILITIES		
Redeemable convertible notes	500,000	4,327
Total Non Current Liabilities	500,000	4,327
TOTAL LIABILITIES	717,746	59,944
NET ASSETS	3,069,008	1,046,812
EQUITY		
Contributed equity	18,692,886	17,500,386
Reserves	1,807,826	-
Accumulated losses	(17,431,704)	(16,453,574)
TOTAL EQUITY	3,069,008	1,046,812

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

30. PARENT ENTITY INFORMATION (cont'd)

Statement of comprehensive income

	Parent Entity	
	2010	2009
	\$	\$
Net loss for the year	(978,130)	(1,041,174)
Other comprehensive income	-	-
Total comprehensive loss for the year	(978,130)	(1,041,174)

Commitments and contingencies

Included in the commitments in Note 25 are commitments incurred by the Parent Entity as follows:

Operating lease commitments

Within one year	98,550	204,078
After one year but not more than five years	229,950	427,329
	328,500	631,407

Subsequent to balance date, the Parent Entity, with the consent of the lessor of the office premises in West Perth, assigned the office lease to a third party. Accordingly, the operating lease commitment disclosed above has been extinguished.

Service commitments

At 30 June 2010, the unexpired portion of the term of a mandate with Technology Capital Pty Ltd (**Technology Capital**), a company associated with Mr Redstall, to provide consultancy services in connection with the operations of the Company amounts to \$12,000.

Refer to Note 22 for details of these key management personnel transactions during the year.

Pursuant to the mandate with Technology Capital, and as a consequence of shareholder approval having been obtained for the Marketboomer acquisition (see Note 24), the Company is also committed to issuing 3,500,000 fully paid ordinary shares in the capital of the Company for no issue price to Technology Capital. The issue of shares is subject to shareholder approval.

Remuneration commitments

Within one year	309,742	93,750
After one year but not more than five years	682,350	-
	992,092	93,750

Contingencies

The Parent Entity does not have any contingent liabilities at balance and reporting dates.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

31. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 August 2010, the Parent Entity issued 361,565,100 fully paid ordinary shares to the vendors of the Marketboomer Group following the achievement of a performance hurdle under the share sale agreements. The issue of shares was approved by shareholders at the Company's general meeting held 16 November 2009 but was subject to the achievement of one of three specified events (refer to Note 24 for further details).

On 6 September 2010, the Parent Entity delivered a drawdown notice to CVC Private Equity Limited for the remaining \$200,000 of Notes available under the terms of the Convertible Note Facility (refer Note 17 for further details of this Facility). The financial effect of this transaction has not been brought to account in the financial statements for the year.

On 30 September 2010, the Parent Entity entered into a subscription agreement with a sophisticated investor to issue a total of 10,000,000 fully paid ordinary shares at an issue price of \$0.02 per share together with free attaching options on a one for one basis to raise \$200,000. The options will have an exercise price of \$0.02 per option and a 3 year term. The financial effect of this transaction has not been brought to account in the financial statements for the year.

DIRECTORS' DECLARATION

In the opinion of the Directors of WebSpy Limited:

- (a) the financial statements and notes, set out on pages 21 to 63, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1;
- (c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the *Corporations Act 2001* and the *Corporations Regulations 2001*; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2010.

Dated at Perth, Western Australia this, 30th day September 2010.

Signed in accordance with a resolution of the directors.



Jack Andrys
Executive Director

INDEPENDENT AUDIT REPORT TO MEMBERS OF WEBSPY LIMITED

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of the consolidated entity is in accordance with the Corporations Act 2001 including:

- (a) (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; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2010. The directors 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 WebSpy Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

WHK HORWATH PERTH AUDIT PARTNERSHIP

A handwritten signature in black ink, appearing to read 'Cyrus Patel', is written over a light blue horizontal line.

CYRUS PATELL
Partner

Perth, WA

Dated this 30th day of September 2010



SHAREHOLDER INFORMATION

Details of shares as at 30 September 2010:

Top holders

The 20 largest registered holders of each class of equity security as at 30 September 2010 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	Nobium Investments Limited	136,358,722	22.72
2.	Kerkow Investments Limited	89,879,159	14.97
3.	Astromeseogios Overseas Ltd <The Tamburlaine A/C>	76,552,017	12.75
4.	Remello Investments Limited	68,210,514	11.36
5.	Four Green Houses Pty Ltd	24,599,203	4.10
6.	Bimputor Pty Ltd	24,017,087	4.00
7.	Kim Hin (Malaysia) Sdn Bhd	16,282,500	2.71
8.	Citicorp Nominees Pty Limited	13,691,667	2.28
9.	Mr Simon Alexander Cameron	12,495,947	2.08
10.	Mr Thomas Paul McGellin & Ms Tanya Margaret Karal <Ski Superannuation Fund A/C>	8,681,639	1.45
11.	Mr Declan Monahan & Mrs Orla Monahan	8,504,116	1.42
12.	Mr Nathan Gyaneshwar & Mrs Paula Gyaneshwar	8,190,401	1.36
13.	Mr Jack Paul Andrys	8,043,678	1.34
14.	Ms Philippa Katherine Gail Webb	6,568,501	1.09
15.	Gibson Capital Pty Limited <Super Fund A/C>	5,849,754	0.97
16.	Bill Brooks Pty Ltd <Bill Brooks Family A/C>	5,572,024	0.93
17.	Ms Rita Marian Brooks & Mr William Tobias Brooks <The Brooks Super Fund A/C>	4,286,057	0.71
18.	Sarcam Pty Ltd	4,216,277	0.70
19.	Mr Conor Lawler & Mrs Dawn Lawler	2,801,273	0.47
20.	Townshend York Pty Ltd	2,500,000	0.42
		527,300,536	87.83

Distribution schedule

A distribution schedule of each class of equity security as at 30 September 2010:

Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	39	30,778	0.01
1,001 - 5,000	101	327,755	0.05
5,001 - 10,000	85	723,510	0.12
10,001 - 100,000	308	12,108,337	2.02
100,001 - Over	123	587,015,995	97.80
Total	656	600,206,375	100.00

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Goldoak Investments Limited	294,448,395
Astromeseogios Overseas Ltd <The Tamburlaine Trust>	76,552,017
Nathan Gyaneshwar	34,599,481

SHAREHOLDER INFORMATION

Voluntary escrow

Fully paid ordinary shares

Number of Shares	Escrow Period
109,500,351	Restricted securities until 20 November 2010
219,000,711	Restricted securities until 20 November 2011

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 67,163.941 as at 30 September 2010):

Holders	Units
409	5,166,457

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

On-Market Buy Back

There is no current on-market buy-back.