DIGITAL PERFORMANCE GROUP Ltd
(Formerly Comtel Corporation Limited)
ABN 30 000 386 685

Appendix 4E
For the Year Ended 30 June 2011

Current Period: 30 June 2011

Previous Corresponding Period (PCP): 30 June 2010

1. Results for announcement to the market

	30-Jun-11 $000's	30-Jun-10 $000's	Change $000's	Change %
Revenue from ordinary activities	19,018	7,281	11,737	161%
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)	**1,322**	**1,314**	**8**	**1%**
Net profit / (loss) from continuing operations after tax attributable to members	257	(2,071)	2,328	112%
Profit from discontinued operations after income tax	413	973	(560)	(58%)
Net profit / (loss) for the period attributable to members	670	(1,098)	1,768	161%

2. Dividends

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	-	-
Previous corresponding period	-	-

3. Net Tangible Assets per Security

	Current period	Previous corresponding period
Net Tangible Assets per Ordinary Share	(0.1) cents	(1.2) cents

This report should be read in conjunction with the attached audited financial statements for the year ended 30 June 2011 and any public announcements made by the Company during the year ended 30 June 2011.

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DIGITAL PERFORMANCE GROUP

ASX Release

24 August 2011

DIG Announces Full Year Results

Highlights

- Pro-forma[1] underlying[2] EBITDA up 3.9% to $2.81m for the full year
- All mobile assets sold for net proceeds of $7.38m
- Deal Group Media (dgm) acquired for $4.76m
- Company now focused purely on performance-based digital advertising
- Strengthened balance sheet following May 2011 rights issue of $7.06m

Summary Financials

$'000's	Pro-forma[1] Result		Variance	Reported Result		Variance
	FY2011	FY2010	%	FY2011	FY2010	%
Continuing Operations						
Empowered	2,738	3,178	(13.8)	2,738	3,178	(440)
Deal Group Media	1,664	1,192	39.6	1,255	-	n/a
Operating EBITDA	**4,402**	**4,370**	**0.7**	**3,993**	**3,178**	**815**
Corporate costs	(1,590)	(1,664)	4.4	(1,590)	(1,664)	74
Underlying[2] EBITDA	**2,812**	**2,706**	**3.9**	**2,403**	**1,514**	**889**
Non-recurring Items						
Restructuring costs				(371)	(80)	(291)
Acquisition costs				(626)	-	n/a
Share option costs				(84)	(120)	36
Reported EBITDA				**1,322**	**1,314**	**8**

[1] The pro-forma unaudited result includes the earnings for dgm as if it had been held for the full reporting periods rather than from the acquisition date of 22 October 2010. The dgm results are audited from 22 October 2010.
[2] Underlying EBITDA for continuing operations excludes business acquisition costs, restructuring expenses and non-cash share option expenses.

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Directors are conscious that the material transactions that have occurred during the period (divestment of the Company's mobile phone assets and acquisition of dgm) complicate the reported result and have elected to provide the pro-forma[1] result as it provides the most meaningful indication of the performance of the continuing operations of DIG.

DIG completed the acquisition of dgm on 22 October 2010 and the pro-forma[1] result shows the earnings for the full year as if dgm had been held for the full reporting periods, while excluding the earnings from the divested mobile phone assets.

In contrast, the reported EBITDA for continuing operations of $1.32 million is determined on the following basis:

- includes earnings from dgm only from the time of acquisition on the 22nd October 2010 (i.e. 8.3 months); and
- includes non-recurring business acquisition costs related to the purchase of dgm, restructuring costs and non-cash share option expenses.

Operating Businesses

dgm

The purchase of dgm was completed on the 22 October 2010 for a final price including working capital adjustments of $4.76 million. The integration went according to plan and the business is operating to expectations. dgm delivered pro-forma[1] underlying[2] EBITDA of $1.66 million, up 40% on FY10 due to a combination of revenue growth and optimisation of the cost structure.

dgm has continued to increase its presence in the retail affiliate market, winning new clients such as Westfield and Dick Smith. Despite the difficulties faced by the broader retail sector, online advertising spend continues to grow as the sector adjusts to the change in consumer spending habits. dgm's online search business which provides website optimisation services and paid search engine marketing also saw increases in client base and client spend.

Both dgm and Empowered provide performance based digital marketing campaigns for media buyers, agencies and corporates. To better deliver on cross selling opportunities and cost efficiencies across the group, the operations and senior management team of dgm were consolidated under Chief Operating Officer, Shaun McNamara in May 2011.

[1] The pro-forma unaudited result includes the earnings for dgm as if it had been held for the full reporting periods rather than from the acquisition date of 22 October 2010. The dgm results are audited from 22 October 2010.
[2] Underlying EBITDA for continuing operations excludes business acquisition costs, restructuring expenses and non-cash share option expenses.

Empowered Communications

Empowered Communications delivered revenues of $12.31m (-7% vs FY10) and underlying[2] EBITDA of $2.74m (-14% vs FY10). The FY11 result was adversely affected by two specific factors: the federal election in Q1, and volatile advertising market conditions in Q4, particularly within its retail and financial services verticals. Empowered performed at prior year levels throughout Q2 and Q3.

Empowered has undertaken significant new investment throughout FY11, including:

- a rebuild of its email membership and web technology platform;
- development of a new WDYT.com.au site, with a broader number of reward options as part of its retention strategy for existing members; and
- further new site launches planned to expand database and advertising inventory.

While the market conditions for Empowered remain challenging, these initiatives are targeted to deliver a return to earnings growth for Empowered in FY12.

Mobile (discontinued operations)

The sale of the prepaid customer base was completed on the 31 March 2011.

Balance Sheet

The Company strengthened its balance sheet in May 2011 raising $7.06 million through a rights issue. The Company has a short term working capital facility which is drawn to $1.25m at the date of this announcement.

FY12 Outlook

DIG has provided guidance that its two operating businesses are currently targeting FY12 EBITDA in the range of $4.95m - $5.45m. Total Group underlying[2] EBITDA of $3.00m to $3.60m is targeted after head office costs.

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[2] Underlying EBITDA for continuing operations excludes business acquisition costs, restructuring expenses and non-cash share option expenses.

ABN 30 000 386 685

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DIGITAL PERFORMANCE GROUP

(Formerly Comtel Corporation Limited)

ANNUAL REPORT

2011

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Contents

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DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Company Directory

DIRECTORS:	Phillip Pryke *Non-Executive Chairman* Chris Meehan *Executive Director* Christin Burns *Non-Executive Director* Fionn Hyndman *Non-Executive Director* David Sweet *Non-Executive Director*
SECRETARY:	Campbell Nicholas
REGISTERED OFFICE:	200 Harris St Pyrmont NSW 2009 Telephone: (02) 8569 0000 Facsimile: (02) 8205 8476
PRINCIPAL PLACE OF BUSINESS:	200 Harris St Pyrmont NSW 2009 Telephone: (02) 8569 0000 Facsimile: (02) 8205 8476
SHARE REGISTRY:	Computershare Investor Services Pty Limited Level 5 115 Grenfell Street Adelaide SA 5000 Telephone: (08) 8236 2300 Facsimile: (08) 8236 2305
AUDITORS:	Ernst & Young 680 George Street Sydney NSW 2000
SOLICITORS:	Middletons Level 26 52 Martin Place Sydney NSW 2000
BANKERS:	Westpac Commonwealth Bank of Australia

Digital Performance Group Limited shares are listed on the Australian Securities Exchange (ASX).

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Chairman's Report

Dear Fellow Shareholder,

Digital Performance Group ("DIG") has transformed from a hybrid mobile/digital company to a business whose core proposition is to deliver measureable online performance marketing services to Australia's leading media buyers' and advertisers generating online sales, qualified customer leads and increased brand awareness.

This process commenced in 2007 with the purchase of Empowered Communications and has continued throughout FY11 with the purchase of dgm Australia in October 2010, the renaming of ComTel to the Digital Performance Group and the final exit from the mobile business with the sale of the prepaid retail company in March 2011. Today our businesses operate exclusively in the digital performance marketing category with a strong balance sheet position following the Rights Issue conducted May 2011.

DIG's operating businesses delivered a pro-forma[1] underlying[2] EBITDA result for FY11 of $4.40m and pro-forma[1] underlying[2] EBITDA after head office costs of $2.81m (reported EBITDA of $1.32m). The Company continues to manage through the volatility experienced in its advertising markets and is positioned to benefit from advertisers growing their marketing investment in the internet space. DIG now offers a broader range of performance based products and services it can deliver to advertisers to drive sales, leads and brand recognition.

I would like to recognise the hard work of all of our people throughout the year, particularly given the consolidation of the senior management team as the restructuring of DIG was in its final phase.

FY11 was a year of very significant change for DIG and your Company has emerged as a focused, profitable and growing provider of online marketing services. We have a strong balance sheet to assist us in dealing with current market conditions and we look forward to building on our platform in FY12.

Finally thank you to our customers and shareholders for your continuing support of Digital Performance Group.

Yours faithfully

PHILLIP PRYKE
Chairman

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[1] The pro-forma unaudited result includes the earnings for dgm as if it had been held for the full reporting periods rather than from the acquisition date of 22 October 2010. The dgm results are audited from 22 October 2010.
[2] Underlying EBITDA for continuing operations excludes business acquisition costs, restructuring expenses and non-cash share option expenses.

Director's Report

The Directors submit their report for the year ended 30 June 2011.

DIRECTORS
The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Phillip Pryke*, Non-Executive Chairman.* Appointed 5 January 2009.
Mr Pryke is a Director and shareholder of Co-Investor Capital Partners Pty Limited, a Sydney-based active investment manager and the Company's major shareholder. He is Deputy Chairman of Contact Energy, New Zealand's largest energy utility, and was Chairman of Contact from 1995-2004. Mr Pryke is a Director of Goodman Limited, Goodman (NZ) Limited, Tru-Test Corporation Ltd and has chaired or been a director of many companies in Australia and New Zealand. Prior to joining Co-Investor, Mr Pryke ran EDS Asia Pacific. A former investment banker, he has broad experience across a number of industries including utilities, IT, telecoms and the primary sector. He holds a Bachelor of Economics degree from the University of Sydney.

Chris Meehan*, Executive Director.* Appointed 1 September 2009.
Mr Meehan has held executive roles in a number of online businesses including Fairfax Digital and travel.com.au (TVL). As General Manager of domain.com.au, he built one of Australia's most popular and profitable online real estate web sites. Appointed COO then CEO of travel.com.au, he was part of the team that successfully turned around this business, enabling it to be sold to Wotif.com.au in January 2008. Mr Meehan has a Bachelor of Arts degree from Macquarie University.

David Sweet*, Non-Executive Director.* Appointed 1 September 2009. Served as *Executive Director* from 18 June 2004 to 31 August 2009.
Mr Sweet has a Bachelor of Business degree and has held a number of executive roles over the past 13 years, which have included Vodafone and iTouch in Australia and New Zealand. As a Director of Vodafone Australia, Mr Sweet was responsible for the restructure of the sales and distribution group by streamlining and focusing operations as they related to customer markets.

Fionn Hyndman*, Non-Executive Director.* Appointed 24 December 2010.
Mr Hyndman has held executive roles in a number of online advertising businesses including having been the Managing Director of Deal Group Media Pty Ltd, the entity acquired by the Company in October 2010.

Christin Burns, *Non-Executive Director.* Appointed 22 February 2011. Served as Alternate Director to Phillip Pryke from 3 December 2009 to 22 February 2011.
Mr Burns is an Investment Manager at Co-Investor Capital Partners Pty Limited and has assisted the Company over the past two and half years in executing its strategy of transitioning to an online digital performance organisation. He is currently a director of several Australian online businesses and has provided corporate, strategic and financial advice to a range of ASX listed and private companies.

Roger Steinepreis*, Non-Executive Director.* Appointed 9 March 2006. Resigned 24 December 2010.
Mr Steinepreis graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for approximately 20 years. He is the legal adviser to a number of public companies on a wide range of corporate related matters.

Victoria Gillespie, *Non-Executive Director.* Appointed 16 November 2007. Resigned 24 December 2010.
Mrs Gillespie has a Bachelor of Commerce degree from the University of Melbourne, and a Post Graduate Certificate in Applied Finance and Investment. She is also a member of the Development Board for the Murdoch Childrens Research Institute. Mrs Gillespie has worked as an equities analyst, corporate financier and investment manager over the past decade.

COMPANY SECRETARY
Mr Campbell Nicholas has been a certified practicing accountant for 19 years. He was appointed as company secretary on 31 July 2007 following the on-market takeover of Sonnet Corporation Ltd. He held the position of company secretary in Sonnet Corporation Ltd from September 2005.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Roger Steinepreis	Imugene Limited	January 2002 - current
	Adavale Resources Limited	May 2007 – current
	Avonlea Minerals Limited	May 2007 – current
Phillip Pryke	Goodman Limited	October 2010 - current

DIRECTORS' INTERESTS

Relevant interests of the Directors in the shares and unlisted options of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with s205G (1) of the Corporations Act 2001, as at the date of this report, are:

Director	Ordinary Shares	Options over ordinary shares in the Company
Mr P Pryke (i)	653,896,038	25,000,000
Mr C Meehan	1,111,111	13,180,000
Mr D Sweet	883,385	600,000
Mr F Hyndman	-	-
Mr C Burns	-	-

(i) These securities are held by Co-Investor Capital Partners Pty Ltd and Co-Investor Capital Partners (NZ) Ltd. Mr Pryke is a Director and shareholder of Co-Investor Capital Partners Pty Ltd. Co-Investor Capital Partners (NZ) Ltd is a subsidiary of Co-Investor Capital Partners Pty Ltd.

No Director options were exercised between the end of the financial year and the date of this report.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Directors Meetings	Meetings of Committees	
		Audit	Remuneration
Number of meetings held:	11	2	2
Number of meetings attended:			
Phillip Pryke	11	2	2
David Sweet	11	-	-
Chris Meehan	11	-	-
Fionn Hyndman	6	-	-
Christin Burns	4	1	-
Victoria Gillespie	4	-	-
Roger Steinepreis	4	1	2

All Directors were eligible to attend all meetings except for:

- Victoria Gillespie who was eligible to attend 5 Directors meetings;
- Roger Steinepreis who was eligible to attend 5 Directors meetings, 2 Remuneration Committee meetings and 1 Audit Committee meeting;
- Christin Burns who was eligible to attend 5 Directors meetings and 1 Audit Committee meeting; and
- Fionn Hyndman who was eligible to attend 6 Directors meetings and no Remuneration Committee meetings.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee. Phillip Pryke and Christin Burns are members of the Audit Committee. Phillip Pryke and Fionn Hyndman are members of the Remuneration Committee.

PRINCIPAL ACTIVITIES

The principal activities during the year within the consolidated entity were:

- provision of permission based online advertising services through an opt in member database (Empowered segment);
- provision of internet affiliate marketing, paid search, search engine optimisation services (dgm segment); and
- mobile telecommunication services (discontinued segment).

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The consolidated earnings from continuing operations before interest, tax depreciation, amortisation and impairment losses (EBITDA), was $1,322,000 (2010: $1,314,000). The consolidated entity net profit after income tax for the financial year ended 30 June 2011 was $670,000 (2010: net loss of $1,098,000).

Financial position

The net assets of the Group have increased by $7,284,000 from $15,473,000 at 30 June 2010 to $22,872,000 at 30 June 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Group during the financial year were the sale of the mobile businesses and the acquisition of Deal Group Media Pty Ltd (dgm). Other than as described elsewhere in this report there were no other significant changes in the state of affairs of the Group during the financial year.

SHARE OPTIONS

At the date of this report, the following share options were outstanding:

- 600,000 unlisted performance options to subscribe for 600,000 ordinary shares. The options are exercisable on or before 30 November 2011 at various prices;
- 25,000,000 unlisted options to subscribe for 25,000,000 ordinary shares. The options are exercisable on or before 4 November 2011 at an exercise price of 6 cents for each ordinary share;
- 11,700,000 unlisted options to subscribe for 11,700,000 ordinary shares. The options are exercisable on or before 2 November 2012 at an exercise price of 4 cents for each ordinary share;
- 1,950,000 unlisted options to subscribe for 1,950,000 ordinary shares. The options are exercisable on or before 2 November 2012 with a nil exercise price for each ordinary share;
- 1,560,000 unlisted options to subscribe for 1,560,000 ordinary shares. The options are exercisable on or before 25 October 2013 with a nil exercise price for each ordinary share;
- 6,400,000 unlisted options to subscribe for 6,400,000 ordinary shares. The options are exercisable on or before 31 October 2013 at an exercise price of 6 cents for each ordinary share;
- 1,400,000 unlisted options to subscribe for 1,400,000 ordinary shares. The options are exercisable on or before 31 October 2014 with a nil exercise price for each ordinary share;
- 8,000,000 unlisted options to subscribe for 8,000,000 ordinary shares. The options are exercisable on or before 31 October 2014 at an exercise price of 6 cents for each ordinary share; and
- 4,390,882 unlisted options to subscribe for 4,390,882 ordinary shares. The options are exercisable on or before 31 October 2014 at an exercise price of 3 cents for each ordinary share.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

DIVIDENDS

The Directors recommend that no amount be paid by way of dividend for the year ended 30 June 2011. No dividend has been paid or declared since the start of the financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

EVENTS SUBSEQUENT TO BALANCE DATE

Debt Facility Drawdown
On 11 August 2011 the Company drew down $1,250,000 under its secured loan facility with Co-Investor Capital Partners Pty Limited. These funds will be used to provide the Company with additional working capital. The debt is to be repaid in full by 30 June 2012.

Share Buy Back
On 12 August 2011 the Company announced that it would be undertaking an on-market share buy back for up to 10% of its issued capital over a period of 12 months from on or around 29 August 2010.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than for matters referred to elsewhere in this report, the disclosure of further information as to likely developments in the operations of the consolidated entity and expected results of those operations would, in the opinion of the Directors, be speculative and such disclosure could result in unreasonable prejudice to the consolidated entity.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Digital Performance Group Limited.

Remuneration Policy

The remuneration policy of Digital Performance Group Limited has been designed to align Directors and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Company's financial results. The Board of Digital Performance Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the company, as well as create goal congruence between Directors, executives and shareholders.

Remuneration packages are reviewed annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition, external consultants may be used to provide analysis and advice to ensure the Directors and senior executives' remuneration is competitive in the market place.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the company achieving EBITDA targets. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options.

Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Senior executives are entitled to participate in the Company's employee share option plan. Executive and non executive Directors and their associates cannot be offered or granted options under the Company's employee share option plan unless specific shareholder approval is first obtained in accordance with the requirements of the Listing Rules.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing the remuneration arrangements for the Directors and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality, high performing Director and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive Directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required. Should it be necessary to increase the maximum aggregate amount of fees that can be paid to the non-executive Directors, approval will be sought from shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Non executive Directors receive a base salary based on factors such as length of service and experience, which is calculated on a total cost basis.

Senior Manager and Executive Director Remuneration

Objective

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

- reward executives for Company and individual performance against targets. The Company target is the Board approved annual EBITDA budget. The individual targets are key performance indicators set by the Board for the Managing Director and by the Managing Director for the executives;
- align the interest of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

Senior management receive base remuneration based on factors such as length of service and experience which is calculated on a total cost basis.

Company performance

The Company's financial performance is primarily measured against EBITDA forecasts. Payment of 50% of annual bonuses for executives is based upon the actual EBITDA achieved for the financial year relative to the forecast and 50% based upon the individual's performance against their personal key performance indicators.

The Company's actual performance against the forecasts over the last two years for continuing operations is as follows:

	2011				2010			
$000's	Actual	Forecast	Variance	Variance %	Actual	Forecast	Variance	Variance %
Underlying EBITDA	2,403	2,573	(170)	(6.6)	1,395	1,412	(17)	(1.2)

The 2011 variance was attributable to Empowered revenue being less than forecast.

The table below shows DPG's basic EPS history for the past five years (including the current period).

Year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
EPS (cents per share)	-22.2	-19.2	-23.8	-0.8	-0.2	0.1

Details of remuneration for year ended 30 June 2011

The remuneration for each Director and executive of the consolidated entity was as follows:

		Short-term benefits			Post employment		Share-based payments		
		Salary & fees $	**Bonus** $	**Non-monetary benefits** $	**Super** $	**Retirement benefits** $	**Options** $	**Total** $	**Performance related** %
Directors									
P Pryke *Non executive Chairman*	**2011**	100,000	-	-	-	-	-	100,000	-
	2010	100,000	-	-	-	-	-	100,000	-
C Meehan *Executive Director*	**2011**	250,000	149,081	-	35,919	-	31,513	466,513	39
	2010	250,000	125,000	-	38,371	-	48,233	461,604	38
D Sweet [1] *Non executive Director*	**2011**	50,000	-	-	-	-	-	50,000	-
	2010	316,665	-	-	-	-	-	316,665	-
R Steinepreis [2] *Non executive Director*	**2011**	30,000	-	-	-	-	-	30,000	-
	2010	60,000	-	-	-	-	-	60,000	-
V Gillespie [3] *Non executive Director*	**2011**	25,000	-	-	-	-	-	25,000	-
	2010	50,000	-	-	-	-	-	50,000	-
F Hyndman [4] *Non executive Director*	**2011**	30,000	-	-	-	-	-	30,000	-
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
C Burns [5] *Non executive Director*	**2011**	-	-	-	-	-	-	-	-
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub total Directors	**2011**	**485,000**	**149,081**	**-**	**35,919**	**-**	**31,513**	**701,513**	**26**
	2010	**776,665**	**125,000**	**-**	**38,371**	**-**	**48,233**	**988,269**	**18**

1. David Sweet served as Executive Director from 18 June 2004 to 31 August 2009 and was appointed a Non-Executive Director on 1 September 2009. In addition to the fees Mr Sweet received in his capacity as a Non-Executive Director noted above, he received $139,099 in FY2011 from a separate engagement to assist with the sale of the mobile business (refer note 23).

2. Resigned 24 December 2010.

3. Resigned 24 December 2010.

4. Appointed 24 December 2010.

5. Appointed 22 February 2011. Christin Burns is not paid any Director fees. He is an employee of Co-Investor Capital Partners Pty Ltd.

Director's Report *(continued)*

Details of remuneration for year ended 30 June 2011 *(continued)*

		Short-term benefits			Post employment		Share-based payments	Termination payments		
		Salary & Fees	**Bonus**	**Non-Monetary Benefits**	**Super**	**Retirement Benefits**	**Options**		**Total**	**Performance Related**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Executives										
C Nicholas *Chief Financial Officer*	**2011**	250,000	81,254	-	-	-	20,351	-	351,605	29
	2010	250,000	62,500	-	-	-	31,822	-	344,322	27
P McFadden [1] *Mobile Chief Operating Officer*	**2011**	172,636	96,575	-	-	-	18,331	125,000	412,542	28
	2010	250,000	62,500	-	-	-	31,822	-	344,322	27
S McNamara [2] *Group Chief Operating Officer*	**2011**	235,000	79,970	-	28,347	-	4,291	-	347,608	24
	2010	88,000	186,019	-	24,631	-	4,164	-	302,814	63
C Ellis [3] dgm General Manager	**2011**	169,212	106,566	-	36,015	-	-	256,560	568,353	19
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J Matthews [4] dgm General Manager	**2011**	16,955	4,050	-	1,883	-	2,658	-	25,546	26
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub total Executives	**2011**	**843,803**	**368,415**	**-**	**66,245**	**-**	**45,631**	**381,560**	**1,705,654**	**24**
	2010	**588,000**	**311,019**	-	**24,631**	-	**67,808**	**-**	**991,458**	**38**
TOTALS	**2011**	**1,328,803**	**517,495**	**-**	**102,164**	**-**	**77,144**	**381,560**	**2,407,167**	**24**
	2010	**1,364,665**	**436,019**	**-**	**63,002**	**-**	**116,041**	**-**	**1,979,727**	**28**

1. Redundant 8 April 2011.
2. Appointed 27 May 2011. Prior to this appointment, Mr McNamara served as the Empowered General Manager.
3. Appointed 22 October 2010 following the acquisition of dgm. Redundant 27 May 2011.
4. Appointed 1 June 2011. Prior to this appointment, Mr Matthews served as the dgm Client Services Director.

Director's Report *(continued)*

Options granted as part of remuneration:

2011	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Proportion of remuneration consisting of options for the year %
C Meehan	31,513	-	-	6.8
P McFadden	18,331	-	-	4.4
C Nicholas	20,351	-	-	5.8
S McNamara	4,291	-	-	1.2
J Matthews	2,658	-	-	9.3

2010	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Proportion of remuneration consisting of options for the year %
C Meehan	48,233	-	-	10.4
P McFadden	31,822	-	-	9.2
C Nicholas	31,822	-	-	9.2
S McNamara	4,164	-	-	1.4
J Matthews	n/a	n/a	n/a	n/a

Compensation options: Granted and vested during the year (consolidated)

Director / Executive	Granted number	Grant date	Vesting date	Vesting %	Fair value per option at grant date	Exercise price per option	First exercise date	Last exercise date
2011								
C Meehan	680,000	25 Oct 10	25 Oct 10	100%	2.0 cents	nil	25 Oct 10	25 Oct 13
	2,800,000	13 Apr 11	13 Apr 11	100%	0.14 cents	6 cents	13 Apr 11	31 Oct 13
	3,500,000	13 Apr 11	31 Oct 11	0%	0.31 cents	6 cents	31 Oct 11	31 Oct 14
	850,000	13 Apr 11	31 Oct 11	0%	2.0 cents	nil	31 Oct 11	31 Oct 14
C Nicholas	440,000	25 Oct 10	25 Oct 10	100%	2.0 cents	nil	25 Oct 10	25 Oct 13
	1,800,000	13 Apr 11	13 Apr 11	100%	0.14 cents	6 cents	13 Apr 11	31 Oct 13
	2,250,000	13 Apr 11	31 Oct 11	0%	0.31 cents	6 cents	31 Oct 11	31 Oct 14
	550,000	13 Apr 11	31 Oct 11	0%	2.0 cents	nil	31 Oct 11	31 Oct 14
P McFadden	440,000	25 Oct 10	25 Oct 10	100%	2.0 cents	nil	25 Oct 10	25 Oct 13
	1,800,000	13 Apr 11	13 Apr 11	100%	0.14 cents	6 cents	13 Apr 11	31 Oct 13
	2,250,000	13 Apr 11	31 Oct 11	0%	0.31 cents	6 cents	31 Oct 11	31 Oct 14
S McNamara	1,330,214	13 Apr 11	31 Oct 11	0%	0.65 cents	3 cents	31 Oct 11	31 Oct 14
J Matthews	588,590	13 Apr 11	31 Oct 11	0%	0.65 cents	3 cents	31 Oct 11	31 Oct 14
Total	**18,690,214**							

Compensation options: Granted and vested during the year (consolidated) ***(continued)***

Director / Executive	Granted number	Grant date	Vesting date	Vesting %	Fair value per option at grant date	Exercise price per option	First exercise date	Last exercise date
2010								
C Meehan	4,500,000	2 Nov 09	2 Nov 09	100%	0.69 cents	4 cents	2 Nov 09	2 Nov 12
	850,000	2 Nov 09	2 Nov 09	100%	2.00 cents	nil	2 Nov 09	2 Nov 12
C Nicholas	3,000,000	2 Nov 09	2 Nov 09	100%	0.69 cents	4 cents	2 Nov 09	2 Nov 12
	550,000	2 Nov 09	2 Nov 09	100%	2.00 cents	nil	2 Nov 09	2 Nov 12
P McFadden	3,000,000	2 Nov 09	2 Nov 09	100%	0.69 cents	4 cents	2 Nov 09	2 Nov 12
	550,000	2 Nov 09	2 Nov 09	100%	2.00 cents	nil	2 Nov 09	2 Nov 12
S McNamara	600,000	2 Nov 09	2 Nov 09	100%	0.69 cents	4 cents	2 Nov 09	2 Nov 12
Total	13,050,000							

Employment Contracts

Executive Director

The Chief Executive Officer, Mr Chris Meehan, is employed under a rolling contract which commenced on 1 September 2009. Under the terms of the agreement:

- Mr Meehan receives fixed remuneration of $250,000 per annum;
- Mr Meehan's target short term incentive opportunity is $250,000 per annum and is dependent upon the Company achieving it's financial target and Mr Meehan meeting his individual key performance indicators;
- Mr Meehan is eligible to participate in the Company's share option plan on terms determined by the board, subject to receiving any required or appropriate shareholder approval;
- Mr Meehan may resign from his position and terminate the contract by giving 6 months written notice;
- the Company may terminate the agreement by providing 6 months written notice and provide payment in lieu of this notice (based upon the fixed component of Mr Meehan's remuneration plus a pro-rata amount of his short term incentive component); and
- the Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Other Executives

All executives are employed under contract. The agreements outline the components of the remuneration paid to executives and require the remuneration of executives to be reviewed annually. The agreements do not require the Group to increase fixed remuneration, pay a short term incentive, make termination payments or offer a long term incentive in any given year. The criteria for the payment of bonuses to executives are based on a combination of achieving earnings targets set by the Board of Directors, specified individual targets and the discretion of the Board.

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

The agreements may be terminated by written notice from either party or by the employing entity within the Group making a payment in lieu of notice. The notice period for either party is 6 months for Chris Meehan, Campbell Nicholas and Shaun McNamara. The notice period for either party is 3 months for John Matthews.

INDEMNIFICATION AND INSURANCE OF OFFICERS (NOT AUDITED)

Indemnification

The Company has agreed to indemnify the current Directors of the Group, its former Directors and its executive officers against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers liability insurance contracts; as such disclosure is prohibited under the terms of the contract.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Directors to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional Independence*, as they did not involve reviewing or auditing the auditors' 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.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	2011	**2010**
	$	**$**
Taxation services	119,200	67,450
	119,200	67,450

AUDITOR'S INDEPENDENCE STATEMENT

The auditor's independence declaration is included immediately following this Directors' Report and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the Class Order applies.

Dated in Sydney this 24th day of August 2011.

Signed in accordance with a resolution of the Directors.

CHRIS MEEHAN
Director

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Auditor's Independence Declaration to the Directors of Digital Performance Group Ltd

In relation to our audit of the financial report of Digital Performance Group Ltd for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Meredith Scott

Meredith Scott
Partner
Sydney
24 August 2011

Corporate Governance Statement
For the Year Ended 30 June 2011

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Digital Performance Group Limited ("DPG" or 'the Company"). The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholder wealth in a proper and ethical manner.

On 2 August 2007, the ASX Corporate Governance Council issued revised "Principles of Good Corporate Governance and Best Practice Recommendations" (**Revised Principles**).

The Board adopted the Revised Principles for the financial year commencing 1 July 2008. This statement reports on compliance with the Revised Principles for the year ended 30 June 2011.

During the financial year ended 30 June 2011, the Company believes it achieved reasonable compliance with the Revised Principles recommendations based on the Company's circumstances, the size of the Board and Company and its activities. Where recommendations of the Revised Principles have not been implemented during the period, an explanation of the extent to which the guidelines have not been followed is disclosed below in accordance with the Revised Principles. The Board wishes to acknowledge that nothing has come to its attention which would lead the Board to conclude that its current practices and procedures are not appropriate for an organisation of its size and maturity.

Principle 1: Lay solid foundations for management and oversight

The Board considers that the essential responsibilities of the Directors are to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a Charter (available on the Company's website under its Corporate Governance section), www.dpgmedia.com.au, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The key responsibilities of the Board include to:

- appoint and review the performance of the Managing Director;
- develop with management and approve strategy, planning and major capital expenditure;
- arrange for effective budgeting and financial supervision;
- ensure that appropriate audit arrangements are in place;
- ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
- report to shareholders.

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner. The Board meets at least eleven times a year to consider the business of the Company, its financial performance and other operational issues.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals.

Principle 1: Lay solid foundations for management and oversight *(continued)*

The Board has delegated to management responsibility for:

- implementing corporate strategies;
- making recommendations for the appointment of senior management, determining terms of appointment and evaluating performance;
- developing the Company's annual budget and managing day-to-day operations within the budget;
- maintaining effective risk management frameworks;
- keeping the Board fully informed about material developments; and
- managing day-to-day operations in accordance with standards for social, ethical and environmental practices which have been set by the Board.

The Board reviews the performance of the Managing Director and the Managing Director reviews the performance of senior executives on an annual basis against key performance indicators relevant to each particular role. Executive's performance was assessed in July 2011 in accordance with the relevant formal executive performance review process adopted at that time.

Principle 2: Structure the Board to add value

During the financial year the Board comprised:

- Phillip Pryke, non executive chairman;
- Chris Meehan, executive director / Managing Director;
- David Sweet, non executive director;
- Fionn Hyndman, non executive director (appointed 24 December 2010);
- Christin Burns, non executive director (appointed 22 February 2011);
- Roger Steinepreis, non executive director (resigned 24 December 2010); and
- Victoria Gillespie, non executive director (resigned 24 December 2010).

The Company is confident its current Board size is adequate, in reference to the size and structure of the Company and it allows the Board to effectively and efficiently discharge its role and responsibilities. The current composition of the Board is in accordance with the following principles:

- the Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;
- the Board should not comprise a majority of executive Directors; and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.

The Board has a broad range of relevant financial, legal and other skills, experience and expertise. The current Board composition, with details of each Director's background, is set out in the Directors' report.

The term of office held by each Director in office at the date of this Report is set out in the Directors' Report.

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations.

An independent Director is a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

In considering whether a Director is independent, the Board has regard to the series of relationships affecting independence, as outlined in Revised Principle 2.1, and the interests disclosed by them.

Principle 2: Structure the Board to add value *(continued)*

Based upon this information, the following table outlines the independent status of each Director:

Director	Title	Independent	Reason
Phillip Pryke	Non executive Chairman	No	A Director of a substantial shareholder of the Company
Chris Meehan	Managing Director	No	Employed in an executive capacity
David Sweet	Non executive Director	No	Employed in an executive capacity within the past 3 years
Fionn Hyndman	Non executive Director	Yes	Independent from management and free of any material business or other relationship
Christin Burns	Non executive Director	No	An employee of a substantial shareholder of the Company

Revised Principle 2.1 requires that a majority of the Board be independent. The composition of the Board is not consistent with ASX Principle 2.1 in that the Company does not currently have a majority of independent Directors. Whilst the Revised Principles recommend that the Board should consist of a majority of independent Directors, the Company believes that the individuals on the Board make quality and independent judgments at all times and act in the best interests of all relevant stakeholders. If any Director has a material interest in a matter, the Director is not permitted to vote on the matter.

Chairman

Mr Phillip Pryke, who is not classed as an independent Director, is Chairperson of the Board. This is not in accordance with Revised Principle 2.2 that recommends the chair be an independent Director. The reason for the current position of the Chairperson being held by Mr Phillip Pryke, who is not classed as an independent Director, is because he is a director of the substantial shareholder of the Company with the requisite qualifications and experience.

Separate role of Chair and Managing Director

In accordance with Revised Principle 2.3, the role of the Chairperson and Managing Director is not exercised by the same individual, with Mr Pryke acting as Chairperson and Mr Meehan as Managing Director. The Chair and Managing Director have clear lines of responsibility and accountability.

Nomination Committee

The selection and appointment process of future Directors is deemed to be the responsibility of the whole Board.

Revised Principle 2.4 recommends that the Board establish a nomination committee. During the year, the Company did not have a separately established nomination committee in accordance with Revised Principle 2.4.

The Board does not have a formal written policy for the nomination and appointment of Directors.

The Constitution of the Company requires one third of the Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of Directors to retire at that Annual General Meeting. Directors cannot hold office for a period in excess of three years or later than the third Annual General Meeting following their appointment without submitting themselves for re-election. Retiring Directors are eligible for re-election by shareholders.

Principle 2: Structure the Board to add value *(continued)*

When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process.

The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support, and in accordance with the appointment, removal and re-election procedures of Directors set out in the Company's Constitution.

Evaluating Board Performance

The Chairperson reviews the performance of individual Directors each year.

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. The Board also reviews the performance and composition of its committees on annual basis.

The Board undertook an evaluation of itself and its committees in July 2011, with all Directors providing input on the effectiveness of board processes, meetings, composition and reporting with Directors having an opportunity to discuss and comment on such matters with the Chairperson.

Induction and education

The Company has in place an induction program for new Directors and Directors have access to continuing education to update and enhance their skills and knowledge.

Access to information and Company Secretary

The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties. Directors can request additional information and can contact an executive where further information or clarification is required.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

The Company Secretary is appointed by and reports to the Board on all corporate governance issues. The decision to appoint and remove the Company Secretary is a matter for the decision of the Board as a whole. All directors have access to Mr Nicholas, the Company Secretary to assist them in carrying out their role.

Principle 3: Promote ethical and responsible decision-making

Code of Conduct

The Board has established a Code of Conduct to guide the Directors, Managing Director, Chief Financial Officer and other key executives as to the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct requires that Directors:

- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and not misuse information;
- value and maintain professionalism;
- avoid conflicts of interest;

Principle 3: Promote ethical and responsible decision-making *(continued)*

- strive to be good corporate citizens; and
- have respect for each other

The principles set out in the Code of Conduct apply to executives, management and employees. It is the Board's responsibility to ensure that all staff is aware of the Code of Conduct.

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

As noted above, the Board has adopted a Code of Conduct which guides compliance with legal and other obligations to legitimate stakeholders.

The Code of Conduct is available on the Company's website under its Corporate Governance section.

Share Trading

Under the Company's share trading policy, all employees and Directors of the Company and its related companies are prohibited from trading in the Company's shares or other securities if they are in possession of price-sensitive "inside information". Subject to this condition and in light of the ASX's continuous disclosure requirements, trading can occur at any time but subject to conditions surrounding periods prior to the publication of financial results.

In addition, in order to trade, Directors and senior executives of the Company must advise the Chairman of their intention to trade and must also have been advised by the Chairman that there is no known reason to preclude them trading in the Company's shares or other securities.

The Company's policy provides that the Chairman will generally not allow Directors and senior executives to deal in securities of the Company within the period of 1 month prior to the release of annual or half yearly results or within the period of 1 month prior to the issue of a prospectus.

The Company's policy on Directors and senior executives dealing in securities is available on the Company's website under its Corporate Governance section.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The Board has established an Audit Committee to assist the Board in the discharge of its responsibilities.

The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting. The role of the Audit Committee is to provide a direct link between the Board and the external auditors.

The Audit Committee also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The members of the Audit Committee at the date of this report are:

- Mr Phillip Pryke, a non executive Director and the chair of the Audit Committee; and
- Mr Christin Burns, a non executive Director.

Revised Principle 4.2 recommends that an audit committee should be structured so that it consists only of non-executive Directors, consists of a majority of independent Directors, is chaired by an independent chair who is not the chair of the board and has at least three members.

Principle 4: Safeguard integrity in financial reporting *(continued)*

Considering the size of the Company and the Board, the Board is confident that Mr Pryke was the most suitable person to fulfil the position of chair of the Audit Committee having regard to his qualifications and financial accounting knowledge and skills.

Further, the Audit Committee did not comply with Revised Principle 4.2 because it did not consist of at least 3 members and the Audit Committee does not consist of a majority of independent Directors. Given the current size of the Board, the Board considers that the function of the Audit Committee is efficiently achieved with two members and whilst a majority of members are not independent, the members bring valuable knowledge, skills and experience to the Audit Committee deliberations.

The Audit Committee Charter details the Audit Committee's role and responsibilities.

The responsibilities of the Audit Committee include:

- monitoring compliance with regulatory requirements;
- improving the quality of the accounting function;
- reviewing and assessing the process surrounding the disclosures made by the Managing Director and Chief Financial Officer in connection with their personal certifications of the half-year and annual financial statements;
- recommending to the Board the appointment, removal and remuneration of the external auditors;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and
- liaising with external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit Committee requires management to confirm that the accounting methods applied by management are consistent with and comply with applicable accounting standards.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them at least twice during the year. The Audit Committee also meets with and receives reports from the external auditors concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

The Audit Committee Charter is available on the Company's website under its Corporate Governance section.

During the financial year ended 30 June 2011, the Audit Committee held two meetings and the names of the attendees were:

- Mr Steinepreis – attended 1 meeting;
- Mr Pryke - attended 2 meetings; and
- Mr Burns – attended 1 meeting.

The qualifications of the Audit Committee members are set out in the Director's Report contained in this annual report.

Principle 5: Make timely and balanced disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications.

Principle 5: Make timely and balanced disclosure *(continued)*

The policy is reviewed periodically and updated as required. The Company's policy on Continuous Disclosure is available on the Company's website under its Corporate Governance section. The Managing Director and Company Secretary have responsibility for overseeing and co-ordinating disclosure of information to the Australian Securities Exchange.

The Company Secretary also liaises with the Chairman in relation to continuous disclosure matters. The Chairman is responsible for overseeing and co-ordinating disclosure of information to analysts, brokers and shareholders.

Principle 6: Respect the rights of shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. The Investor Centre section of the Company's website details and provides links to all of the Company's ASX and company releases, general meeting information, financial reports and investor presentations. This is updated regularly to ensure shareholders have ready access to Company information.

Information is communicated to shareholders through the distribution of annual reports and by presentations to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by the Company throughout the year with respect to its activities are distributed widely via the Australian Securities Exchange and on the Company's website located at www.dpgmedia.com.au.

The Company's Communications with Shareholders Policy is available on the Company's website under its Corporate Governance section.

The Company's Continuous Disclosure Policy outlines the Company's obligations regarding price sensitive information.

The Company will arrange for its external auditors to attend and be available to answer questions at the Company's annual general meetings.

Principle 7: Recognise and manage risk

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls.

The Board monitors and receives advice on areas of operational and financial risk, and regularly considers strategies for appropriate risk management arrangements.

Specific areas of risk identified which are considered at Board meetings include competition, intellectual property, changes in government regulation, technology changes, human resources, integrity of data, statutory compliance and continuous disclosure obligations.

The Board and senior management have adopted a Risk Management Program to ensure that risks facing the business are appropriately managed. The framework of the Risk Management Program is available on the Company's website under its Corporate Governance section. The Board reviews annually with key management the implementation and effectiveness of the Risk Management Program.

The Revised Principle 7.1 recommends that companies establish policies for the oversight and management of material business risks and disclose a summary of those policies. Other than the Risk Management Program, the Board has not formalised other risk management policies. Given the current size and nature of the Company's business the Board does not consider that formal risk management policies are required in addition to the Risk Management Program adopted by the Board.

Principle 7: Recognise and manage risk *(continued)*

The Board receives regular reports about the Company's financial condition and operational results. Given the size and nature of the Company's business, a separate risk management committee has not been established, with the primary responsibility of risk management being undertaken by the Board and senior management.

The Managing Director and Chief Financial Officer annually provide formal statements to the Board that:

- the financial records of the Company for the financial year have been properly maintained for the purposes of section 295A of the Corporations Act;
- in all material respects the integrity of the Company's financial statements is founded on a system of risk management and internal compliance and control;
- the financial statements comply with the accounting standards and give a true and fair view of the Company's financial position for the purposes of section 295A of the Corporations Act; and
- in all material respects the Company's risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Prior to the release of this report the Managing Director and Chief Financial Officer reported to the Board as to the effectiveness of the Company's management of its material business risks and provided such assurances for the purpose of section 295A of the Corporations Act.

As part of the Company's commitment to safeguarding integrity in financial reporting, the Company's accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts.

The Company has implemented procedures to monitor the independence and competence of the company's external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee.

The members of the Remuneration Committee at the date of this report are:

- Mr Phillip Pryke, a non executive Director and chair of the Remuneration Committee; and
- Mr Fionn Hyndman, a non executive Director.

During the financial year ended 30 June 2011, the Remuneration Committee held 2 meetings and the names of the attendees were:

- Mr Steinepreis; and
- Mr Pryke.

Revised Principle 8.1 recommends that a remuneration committee established by a company have a charter that clearly sets out its role and responsibilities, composition, structure and membership requirements and the procedures for non-committee members to attend meetings. The Company does not have a formal Remuneration Committee charter as recommended by Revised Principle 9.1 and considers it is not necessary given the size of the Company, Board and senior management. However, the Remuneration Report in this annual report sets out the general role and responsibilities of the Remuneration Committee.

Principle 8: Remunerate fairly and responsibly *(continued)*

When reviewing Director's fees the Board takes into account any changes in the size and scope of the Company. The Remuneration Committee reviews the remuneration and policies applicable to all Directors on an annual basis and did so during the financial year. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives.

Where necessary the Remuneration Committee can obtain independent advice on the appropriateness of remuneration packages.

Revised Principle 8.1 recommends that a remuneration committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent Director and has at least three members.

The Company's Remuneration Committee does not comply with Revised Principle 8.1 because Mr Pryke who is not classed as an independent Director is the current chair of the Remuneration Committee. Considering the size of the Company and the Board, the Board is confident that Mr Pryke, despite not

being classed as an independent Director, is the most appropriate Director to fulfil the current role of chair of the Remuneration Committee, having regard to his qualifications and interests associated with Co-Investor.

Further, the Remuneration Committee did not comply with Revised Principle 8.1 because it did not consist of at least 3 members and the Remuneration Committee does not consist of a majority of independent Directors. Given the current size of the Board, the Board considers that the function of the Remuneration Committee is efficiently achieved with two members and whilst a majority of members are not independent, the members bring valuable knowledge, skills and experience to the Remuneration Committee deliberations.

Remuneration Structure

Revised Principle 8.2 recommends that companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

The remuneration of non-executive Directors of the Company is different to that of executive directors and senior executives of the Company. Executive Directors receive a salary and may receive other benefits. Non-executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

Further details on the structure and disclosure of the Company's remuneration policies for non executive and executive Directors and senior executives are set out in the Remuneration Report contained in this report.

The Board believes that it has implemented suitable remuneration practices and procedures that are appropriate for an organisation of its size and maturity.

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note	2011 $000's	2010 $000's
Continuing operations			
Rendering of services		19,018	7,281
Cost of sales		(9,536)	(1,653)
Employee benefits expense	4(b)	(5,214)	(2,313)
Business acquisition costs		(626)	-
Restructuring		(371)	(80)
Other expenses	4(c)	(1,949)	(1,921)
Earnings before interest, tax, depreciation amortisation and impairment losses (EBITDA)		1,322	1,314
Depreciation and amortisation	4(a)	(518)	(2,105)
Impairment losses	4(a)	-	(70)
Profit / (loss) from continuing operations before interest and tax		804	(861)
Finance income		300	37
Finance costs	5	(1,382)	(1,056)
Loss from continuing operations before income tax		(278)	(1,880)
Income tax benefit / (expense)	6	535	(191)
Profit / (loss) from continuing operations after income tax		257	(2,071)
Profit from discontinued operations after income tax	7	413	973
Net profit / (loss) after income tax		670	(1,098)
Total comprehensive income / (loss) for the period		670	(1,098)
Total comprehensive income / (loss) for the period attributable to owners of the parent		670	(1,098)

Earnings per share for the profit / (loss) from continuing operations attributable to the ordinary equity holders of the parent:

	Note	Cents	Cents
- basic earnings per share	8	0.1	(0.4)
- diluted earnings per share	8	0.1	(0.4)

Earnings per share for the profit / (loss) attributable to the ordinary equity holders of the parent:

	Note		
- basic earnings per share	8	0.1	(0.2)
- diluted earnings per share	8	0.1	(0.2)

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

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Statement of Financial Position
For the Year Ended 30 June 2011

	Note	2011 $000's	2010 restated $000's	01.07.2009 restated $000's
ASSETS				
Current assets				
Cash and cash equivalents	9	657	2,126	2,331
Trade and other receivables	10	4,620	1,388	3,269
Interest bearing loan	12	1,128	-	38
Other financial assets	11	24	24	187
Other	13	140	71	144
		6,569	3,609	5,969
Assets of disposal group classified as held for sale	7	-	9,774	-
Total current assets		6,569	13,383	5,969
Non-current assets				
Other financial assets	11	238	206	212
Plant and equipment	14	244	686	1,012
Deferred tax assets	6	709	659	-
Intangible assets	15	1,727	90	9,283
Goodwill	15	21,668	14,935	16,023
Total non-current assets		24,586	16,576	26,530
Total assets		31,155	29,959	32,499
LIABILITIES				
Current liabilities				
Trade and other payables	16	5,710	2,213	7,819
Provisions	17	1,024	524	560
Interest-bearing loans and borrowings	18	1,046	3,407	1,245
Deferred income		158	54	728
		7,938	6,198	10,352
Liabilities directly associated with the assets classified as held for sale	7	-	6,906	-
Total current liabilities		7,938	13,104	10,352
Non-current liabilities				
Interest-bearing loans and borrowings	18	-	1,153	4,506
Other payables	16	18	124	585
Deferred tax liabilities		-	-	397
Provisions	17	327	105	134
Total non-current liabilities		345	1,382	5,622
Total liabilities		8,283	14,486	15,974
Net assets		22,872	15,473	16,525
EQUITY				
Contributed equity	19	109,630	102,985	103,059
Reserve	20	3,728	3,644	3,524
Accumulated losses	21	(90,486)	(91,156)	(90,058)
Total equity attributable to equity holders of the parent		22,872	15,473	16,525

The statement of financial position is to be read in conjunction with the notes to the financial statements, in particular Note 1 relating to going concern. The Company has a correction of an error that, as outlined in note 28, has caused a restatement of employee benefits expense, trade and other payables and accumulated losses. As such in accordance with AASB 101.39 a third statement of financial position plus notes to the restated amounts has been presented.

Statement of Changes In Equity
For the Year Ended 30 June 2011

	Ordinary shares $000's	Accumulated losses $000's	Share Based Payment reserves $000's	Total $000's
At 1 July 2010 as reported in the 2010 annual report	102,985	(90,873)	3,644	15,756
Correction of error (refer note 28)	-	(283)	-	(283)
Restated balance at 1 July 2010	102,985	(91,156)	3,644	15,473
Total comprehensive profit for the period	-	670	-	670
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	7,058	-	-	7,058
Share issue costs	(413)	-	-	(413)
Share-based payments	-	-	84	84
At 30 June 2011	109,630	(90,486)	3,728	22,872
At 1 July 2009 as reported in the 2009 annual report	103,059	(89,848)	3,524	16,735
Correction of error (refer note 28)	-	(210)	-	(210)
Restated balance at 1 July 2009	103,059	(90,058)	3,524	16,525
Total comprehensive loss for the period	-	(1,098)	-	(1,098)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	-	-	-	-
Share issue costs	(74)	-	-	(74)
Share-based payments	-	-	120	120
At 30 June 2010	102,985	(91,156)	3,644	15,473

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

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Cash Flow Statement
For the Year Ended 30 June 2011

	Note	2011 $000's	2010 $000's
Cash flows from operating activities			
Receipts from customers		30,980	30,581
Payments to suppliers and employees		(33,770)	(25,433)
Payments for mobile business disposal costs		(302)	-
Payments for subsidiary acquisition costs		(608)	-
Payments for restructuring		(375)	(520)
Interest received		300	37
Borrowing costs paid		(888)	(1,015)
Income tax refunded / (paid)		-	2
Net cash (used in) /provided by operating activities	9	(4,663)	3,652
Cash flows from investing activities			
Purchase of plant and equipment		(71)	(107)
Purchase of intangible assets		(719)	(412)
Purchase of subsidiary	7	(3,836)	-
Proceeds from sale of mobile business		3,732	-
Net cash used in investing activities		(894)	(519)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		7,058	-
Payments for share issue costs		(14)	-
Proceeds from borrowings		6,350	-
Deferred consideration paid for acquisition of subsidiary		-	(1,300)
Repayment of borrowings		(9,374)	(1,730)
Repayment of finance lease liabilities		(86)	(132)
Payment of finance fees		(11)	(11)
Net cash provided by / (used in) financing activities		3,923	(3,173)
Net increase/(decrease) in cash and cash equivalents held		(1,634)	(40)
Cash and cash equivalents at the beginning of the financial year		2,291	2,331
Cash and cash equivalents at the end of the financial year	9	657	2,291

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

CORPORATE INFORMATION

The financial report of Digital Performance Group Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 24 August 2011. Digital Performance Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards as issued by the Australian Accounting Standards Board and other authoritive pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless stated otherwise.

Going Concern

The Directors believe that the Company will be able to continue as a going concern and, as a consequence, the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Directors are aware however that as at 30 June 2011 the group had an excess of current liabilities over current assets of $1.4 million (30 June 2010: $2.3 million). On 11 August 2011, the Company drew down $1,250,000 under its facility with major shareholder Co-Investor Capital Partners Pty Limited ("Co-Investor") to fund this excess. The loan is repayable by 30 June 2012.

The Directors note the financial support that the Company has received in the past from Co-Investor since it became the majority shareholder in 2008. Co-Investor currently holds 77.0% of the ordinary shares on issue in DPG and also provides a loan facility which the company has regularly used to fund short term working capital requirements. Whilst the current balance of the facility is repayable by 30 June 2012, Co-Investor has in the past demonstrated a willingness to re-negotiate the term of the facility. If required, the Directors expect to continue to receive financial support from Co-Investor in order to meet all its obligations as and when they fall due.

The Directors expect that the excess of current liabilities over current assets of $1.4 million as at 30 June 2011 will reduce as the Company generates positive cash flows from continuing operations to meet all its obligations as and when they fall due.

The Directors note that the net cash flow used in operating activities for FY2011 was $(4.6) million. This amount includes payments for discontinued operations, borrowing costs, once-off expenses such as restructuring, acquisition and disposal costs and pre-acquisition dgm liabilities. After adjusting for these items, the net cash flow provided by continuing operating activities for FY2011 was $1.0 million. This is reconciled to the net cash flows used in operating activities as follows:

	$000's
Net cash used in operating activities	(4,662)
Adjusted for:	
Discontinued operations operating net cash flow	1,776
Payments for dgm pre-acquisition liabilities	2,601
Payments for discontinued operations disposal and dgm acquisition	1,285
Adjusted net cash provided by operating activities	1,000

The Company is forecasting positive cash flows throughout FY12 inline with the guidance announced on 1 August 2011.

Notes to the Financial Statements *(continued)*

(a) Compliance with IFRS

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

(b) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

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

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

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2011. These are outlined in the table below.

The Group has adopted the following new and amended Australian Accounting Standards and interpretations for the period ending 30 June 2011:

Reference	Title	Application date of standard	Application date for group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – The subject of amendments to the standards are set out below: • AASB 5 – Disclosures in relation to non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010	1 July 2010
	• AASB 8 – Disclosure of information about segment assets • AASB 101 – Current/non-current classification of convertible instruments • AASB 107 – Classification of expenditures that does not give rise to an asset • AASB 117 – Classification of leases of land • AASB 118 – Determining whether an entity is acting as a principle or an agent • AASB 136 – Clarifying the unit of account for goodwill impairment test is not larger than an operating segment before aggregation • AASB 139 – Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract		
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	1 February 2010	1 July 2010
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] Limits the scope of the measurement choices of non-controlling interest to instruments that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), in a consistent manner i.e., allocate between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Clarifies that the revised accounting for loss of significant influence or joint control (from the issue of IFRS 3 Revised) is only applicable prospectively.	1 July 2010	1 July 2010

(c) New accounting standards and interpretations *(continued)*

Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2011, outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for group
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	No impact	1 July 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.	1 January 2011	No impact	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	No impact	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	No impact	1 July 2011

Notes to the Financial Statements *(continued)*

(b) New accounting standards and interpretations *(continued)*

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for group
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	No impact	1 July 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 January 2012	No impact	1 July 2012
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 July 2011	No impact	1 July 2011
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054]	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053	1 July 2013	No impact	1 July 2013

(b) New accounting standards and interpretations *(continued)*

Reference	Title	Summary	Application date of standard	Impact on Group Financial Report	Application date for group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	No impact	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	No impact	1 July 2011

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Digital Performance Group Limited and its subsidiaries as at and for the period ended 30 June each year (the Group). Interests in associates are equity accounted and are not part of the consolidated 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.

(c) Basis of consolidation *(continued)*

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

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

Subsidiaries and special purpose entities 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 Digital Performance Group 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 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.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal 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 circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 consolidated 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.

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.

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.

Notes to the Financial Statements *(continued)*

(c) Basis of consolidation *(continued)*

► Recognises the fair value of any investment retained.
► Recognises any surplus or deficit in profit or loss.
► Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(e) 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 and disclosed separately on the statement of financial performance.

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.

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.

(e) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

► Nature of the products and services,
► Type or class of customer for the products and services,
► Methods used to distribute the products or provide the services, and
► Nature of the regulatory environment.

(e) Segment reporting *(continued)*

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(f) 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables which have terms of 30 to 60 days are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, 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. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

(h) Inventories

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

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

(i) Non-current assets and disposal groups held for sale or deemed discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. Once an asset is determined to be held for sale or determined to be discontinued they are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(j) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments:

(j) Investments and other financial assets *(continued)*

Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.
The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories. When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables
Loans and receivables including loan notes and loans to KMP are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(k) 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.

Plant and equipment, including leased assets, are depreciated over their estimated useful lives using the diminishing balance and straight line method (plant and equipment over 3 to 5 years; leased equipment over lease term).

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

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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.

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

(l) Leases *(continued)*

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

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

(m) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Digital Performance Group Limited 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 impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(n) Goodwill and intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

identifiable assets, liabilities and contingent liabilities. Following 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 so allocated includes (see note 15):

- Empowered cash generating unit;
- dgm cash generating unit; and
- Mobile cash generating unit.

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

Digital Performance Group Limited performs its impairment testing at 30 June each year using a value in use, discounted cash flow methodology for both the Empowered and dgm cash generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in note 15.

(n) Goodwill and intangibles *(continued)*

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 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 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 the 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.

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

Mobile customer base		
Useful life	-	Finite (2010: Finite)
Amortisation method used	-	Amortised over 5 years for post paid customers and 3 years for pre paid customers being the expected average customer life on a straight same line basis (2010: same method used)
Internally generated or acquired	-	Acquired (2010: Acquired)
Impairment assessment	-	Annually and more frequently when an indication of impairment exists (2010: same method used)

dgm customers contracts		
Useful life	-	Finite (2010: n/a)
Amortisation method used	-	Amortised over the remaining life of the customer contracts on a straight same line basis (2010: n/a)
Internally generated or acquired	-	Acquired (2010:n/a)
Impairment assessment	-	Annually and more frequently when an indication of impairment exists (2010: n/a)

(n) Goodwill and intangibles ***(continued)***

Software		
Useful life	-	Finite (2010: Finite)
Amortisation method used	-	Amortised over 2.5 years being the expected useful life on a straight same line basis (2010: same method used)
Internally generated or acquired	-	Acquired (2010: Acquired)
Impairment assessment	-	Annually and more frequently when an indication of impairment exists (2010: same method used)

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.

(o) Trade and other payables

Trade and other payables are carried at amortised cost 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 90 days of recognition.

(p) Interest bearing loans and borrowings

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred. 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).

(q) Provisions and employee benefits

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate.

(q) Provisions and employee benefits *(continued)*

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the 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.

(ii) Long service leave

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

(r) Member rewards

Members of the online permission marketing and media network accumulate points by participating in online promotions, SMS promotions and market research projects. The obligation to provide reward points to members are accumulated net of estimated points that will expire. The provision is based on the present value of the expected incremental direct cost of supplying the goods exchanged for points redeemed.

(s) Share based payment transactions

Share options issued as consideration for the purchase of assets, services or an entity are valued using a Binomial option pricing model as at the date of issue. An options reserve is created within equity to reflect the issue of these options.

Equity settled transactions

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

The cost of the equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined as at grant date by using an option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of shares issued is based on the market price at the date on which the shares are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Digital Performance Group Limited (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

(s) Share based payment transactions *(continued)*

The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified.

In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

(t) Contributed equity

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where deferred tax assets on these costs are initially recorded in equity, these deferred tax assets are reversed through equity as tax deductions are claimed.

(u) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rendering of Media Services

Revenue from the delivery of media services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. The stage of completion is determined by reference to outputs and deliverables in connection to the completion of the service.

Sales of pre paid airtime and pre paid starter packs

The sale of pre paid airtime is the provision of a service and revenue is only recognised when control of the right to be compensated for provision of the service has passed and the stage of completion can be reliably measured. Stage of completion is measured based on airtime used by the customer.

To ensure these criteria are met, revenue is only recognised when airtime is used by the customer. Amounts received for pre paid airtime revenue not yet used are included in unearned revenue and are only recognised when the airtime has been used.

(v) Income tax and other taxes

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

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(v) Income tax and other taxes *(continued)*

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

Tax consolidation legislation

Digital Performance Group Limited and its wholly-owned Australian wholly owned subsidiaries at the time formed an income tax consolidated group in July 2004. There have been subsequent changes in group membership since the formation date and as at 30 June 2011, the members of the income tax consolidated group are:

- Digital Performance Group Limited
- Empowered Communications Pty Ltd
- Deal Group Media Pty Ltd
- Virtel Operations Pty Limited
- Virtel Group Limited
- Smartie Deals Pty Ltd

The head entity, Digital Performance Group Limited and the other members of the tax consolidated group account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current and deferred tax amounts to allocate to each member of the group.

In addition to its own current and deferred tax amounts, Digital Performance Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from wholly owned subsidiaries in the tax consolidated group.

(v) Income tax and other taxes *(continued)*

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

<u>Goods and services tax (GST)</u>

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

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

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

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

(w) Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Convertible notes

The component of a convertible note that exhibits characteristics of a liability is recognised as a liability in the statement of financial position net of transaction costs. On issuance of the convertible note the fair value of the liability component is determined and the note carried as a long-term liability at amortised cost until extinguished on conversion or redemption. Any increase in the liability due to the passage of time is recorded as a finance cost.

The remainder of the proceeds (if any) is allocated to the conversion option that is recognised in equity. Transaction costs are apportioned between the liability and equity components of the note.

Financial instrument component of convertible note

The convertible note on issue contains an option granting the holder the right for a specified period of time to convert into a fixed number of ordinary shares of the company. The value of the financial instrument component of the convertible note has been determined using a Monte Carlo simulation pricing model taking into account such factors as share price volatility, expected life, exercise price, and current share price.

(y) 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 under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product
and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

Taxation
The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(y) Significant accounting judgements, estimates and assumptions *(continued)*

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least 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 and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives including a sensitivity analysis are discussed in note 15.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises.

The provision includes future cost estimates associated with restoring the premises as defined in the lease agreement. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision. The related carrying amounts are disclosed in note 17.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below. The Board reviews and agrees policies for managing interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash deposits and debt obligations. The level of debt is disclosed in note 18.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES *(continued)*

	2011 $000's	2010 $000's
Financial assets		
Cash and cash equivalents	657	2,126
Other financial assets	262	230
	919	2,356
Financial liabilities		
Receivables financing facility	1,028	-
	1,028	-

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgement of reasonably possible movements:

	Post tax profit – Higher/(lower)		Equity – Higher/(lower)	
	2011	**2010**	**2011**	**2010**
	$000's	**$000's**	**$000's**	**$000's**
+1% (100 basis points)	(1)	24	-	-
-.5% (50 basis points)	1	(12)	-	-

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

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

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. 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.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES *(continued)*

There is a concentration of credit risk within the Group relating to the mobile sale receivable from Pivotel Mobile Pty Ltd as per note 12. The Company has mitigated this risk by holding a first ranking fixed and floating charge over Pivotel Mobile Pty Ltd.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and committed available credit lines.

The table below reflects all contractually fixed payments, repayments and interest resulting from recognised financial liabilities as at 30 June 2011. For other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amounts or timing are based on the conditions existing at 30 June 2011.

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

	2011 $000's	2010 $000's
6 months or less (1)	6,737	3,865
6-12 months	-	1,488
1-5 years (2)	18	1,263
	6,755	6,616

For further information on liquidity risk, refer to note 1 (going concern).
(1) Trade and other payables and interest bearing liabilities
(2) Finance leases

3. OPERATING SEGMENTS

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors and executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Geographically, all customers are located in Australia.

Types of products and services

Empowered

The company provides performance based digital marketing services which is a form of online advertising that focuses on customer acquisition and lead generation. Clients pay for targeted advertising campaigns that deliver results via a variety of digital mediums such as website banners, email, social media and SMS.

3. OPERATING SEGMENTS *(continued)*

dgm

This segment provides the following internet based services:

- search engine optimisation;
- paid search; and
- affiliate marketing.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in note 1 to the accounts, with the exception of unallocated expenses as discussed below.

Major customers

The Group has a number of customers to which it provides services. The most significant client accounts for 4% (2010: 10%) of external revenue.

	Discontinued operations	**Continuing operations**	**Continuing operations**	**Continuing operations**
Year ended 30 June 2011	***Mobile***	**dgm** (a)	**Empowered**	**Total**
Revenue	***$000's***	**$000's**	**$000's**	**$000's**
Sales to external customers	*6,600*	12,305	6,713	19,018
Other revenue	*2,100*	-	-	-
Inter-segment sales	-	20	81	101
Total segment revenue	*8,700*	12,325	6,794	19,119
Inter-segment elimination				(101)
Total consolidated revenue				**19,018**
Results				
EBITDA before unallocated expenses	*940*	884	2,738	3,622
Unallocated expenses				(2,300)
EBITDA				**1,322**
Reconciliation of segment results to net loss after tax				
EBITDA before unallocated expenses	*940*	884	2,738	3,622
Depreciation and amortisation	-	(419)	(99)	(518)
EBIT before unallocated expenses	*940*	465	2,639	3,104
Unallocated expenses (b)				(2,300)
Loss before tax and net finance costs				804
Finance income				300
Finance costs				(1,382)
Loss before income tax				(278)
Income tax benefit				535
Profit from discontinued operations after income tax				413
Profit for the year				**670**

a) Includes dgm only from the date of acquisition on 22 October 2010 i.e. 8.3 months.
b) Unallocated expenses are not considered part of the core operations of any segment and comprise the following:
- Directors fees;
- CEO and CFO remuneration;
- Audit, legal, ASX and other professional expenses;

3. OPERATING SEGMENTS *(continued)*

- Share based payments;
- Business acquisition costs; and
- Other corporate overheads.

Year ended 30 June 2010	***Discontinued operations Mobile***	**Continuing operations Empowered**	**Continuing operations Total**
Revenue	***$000's***	**$000's**	**$000's**
Sales to external customers	*22,268*	7,281	7,281
Inter-segment sales	-	17	17
Total segment revenue	*22,268*	7,298	7,298
Inter-segment elimination			(17)
Total consolidated revenue			**7,281**
Results			
EBITDA before unallocated expenses	*2,916*	3,098	3,098
Unallocated expenses			(1,784)
EBITDA			**1,314**
Reconciliation of segment results to net loss after tax			
EBITDA before unallocated expenses	*2,916*	3,098	3,098
Depreciation and amortisation	*(3,388)*	(2,105)	(2,105)
Impairment loss	*(193)*	(70)	(70)
EBIT before unallocated expenses	*(665)*	923	923
Unallocated expenses (a)			(1,784)
Loss before tax and finance costs			(861)
Finance costs			(1,019)
Loss before income tax			(1,880)
Income tax expense			(191)
Profit from discontinued operations after tax			973
Loss for the year			**(1,098)**

a) Unallocated expenses are not considered part of the core operations of any segment and comprise: Directors fees;
- CEO and CFO remuneration;
- Audit, legal, ASX and other professional expenses;
- Share based payments;
- Business acquisition costs; and
- Other corporate overheads.

	2011 $000's	**2010 $000's**
(i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	19,119	7,298
Inter segment sales elimination	(101)	(17)
Total revenue	19,018	7,281

Notes to the Financial Statements *(continued)*

3. OPERATING SEGMENTS *(continued)*

	2011 $000's	2010 $000's
(ii) Segment EBITDA reconciliation to the statement of comprehensive income		
Total segment EBITDA	3,622	3,098
Unallocated expenses (a)	(2,300)	(1,784)
Total EBITDA	1,322	1,314

Segment assets and liabilities not reported as these numbers are not specifically reported to the Board of Directors and executive management team, being the chief operating decision makers.

4. EXPENSES

	2011 $000's	2010 $000's
(a) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Depreciation of plant and equipment	67	362
Amortisation of intangible assets:		
- Software	64	1,641
- Customer contracts	387	102
	518	2,105
Impairment		
Plant and equipment	-	70
	-	70
(b) Employee benefits expense		
Salaries and wages	4,234	1,741
Share-based payments	84	120
Superannuation	388	193
Annual leave benefits	47	(20)
Payroll tax	270	205
Training/recruitment/amenities	157	44
Other	34	30
	5,214	2,313
(c) Other expenses		
Communication costs	376	117
Directors fees	598	627
Rent and office supplies	678	344
Professional fees	227	309
Other	70	524
	1,949	1,921

	2011 $000's	2010 $000's
5. FINANCE COSTS		
Interest expense	952	790
Finance fees	430	278
Fair value change in financial instruments	-	(12)
	1,382	1,056

6. INCOME TAX

(a) The major components of income tax expenses are:
Statement of comprehensive income

Deferred income tax		
- Relating to origination and reversal of temporary differences	(535)	191
Income tax (benefit) / expense reported in the statement of comprehensive income	(535)	191

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

Accounting loss before income tax from continuing operations	(278)	(1,880)
Profit / (loss) before tax from discontinued operations	562	(352)
Total accounting profit / (loss) before tax	284	(2,232)
Tax (expense) / benefit at the Group's statutory income tax rate of 30% (2010:30%)	(85)	670
Recognition / (derecognition) of prior year tax losses	556	(787)
Derecognition of deferred tax liability on intangible assets held for sale	-	1,129
Tax effect of other non-assessable income / (non-deductible) expenditure	(85)	122
Aggregate income tax benefit	386	1,134

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and calculated per statutory income tax rate

	2011 $000's	2010 $000's
Aggregate income tax benefit / (expense) is attributable to:		
Continuing operations	535	(191)
Discontinued operations	(149)	1,325
	386	1,134

6. INCOME TAX *(continued)*

(d) Recognised deferred tax assets and liabilities

	2011 $000's Current Income Tax	2011 $000's Deferred Income Tax	2010 $000's Current Income Tax	2010 $000's Deferred Income Tax
Opening balance	-	659	-	(397)
Charged to income	-	386	-	1,134
Charged to goodwill	-	(436)	-	-
Charged to equity	-	54	-	(74)
Other payments	-	-	-	(4)
Acquisitions / disposals	-	46	-	-
Closing balance	-	709	-	659

	2011 $000's	2010 $000's
Deferred income tax at 30 June relates to the following:		
(i) Deferred tax liabilities		
Leased assets	30	54
Intangible assets	320	-
Foreign currency balances	5	-
	355	54
(ii) Deferred tax assets		
Carried forward tax losses	557	-
Audit fee payable	22	33
Accruals	14	10
Provisions:		
- Doubtful debts	6	155
- Annual leave	57	50
- Long service leave	22	5
- Make good	29	30
- Member rewards	140	134
Legal Fees	-	24
Borrowing costs	-	82
Capital raising costs	217	157
Rent free period	-	33
	1,064	713
Net deferred tax asset / (liability)	709	659

(e) Tax Losses

The group recognised a deferred tax asset of $557,000 for carried forward revenue tax losses. These tax losses are expected to be utilised within the next twelve months based upon the Board approved budget for the financial year ending 30 June 2012.

6. INCOME TAX *(continued)*

(d) Tax consolidation

(i) Members of the tax consolidated group and the tax funding and sharing arrangement

Effective 1 July 2004, for the purposes of income taxation, Digital Performance Group Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax funding agreement in order to allocate income tax expense to the wholly-owned subsidiaries on a standalone taxpayer basis. In addition, the tax sharing agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Digital Performance Group Limited.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under interpretation 1052 *Tax Consolidation Accounting*

The head entity and the wholly owned subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

The nature of the tax funding agreement is discussed further below. In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from wholly owned subsidiaries in the tax consolidated group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the group is based on a standalone taxpayer approach, which is an acceptable method of allocation under Interpretation 1052. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

7. DISCONTINUED OPERATIONS

(a) Details of operations sold and discontinued

On 30 June 2010, the Company entered into an agreement with Gotalk Ltd to terminate supply of prepaid wholesale mobile services on 1 September 2010. On 27 July 2010, the Company entered into an agreement with Pivotel Mobile Pty Ltd to sell the post paid mobile subsidiaries. This sale completed on 8 October 2010. On 21 March 2011, the Company entered into an agreement with Pivotel Mobile to sell its prepaid retail mobile subsidiary. This sale completed on 31 March 2011.

Following working capital and other sale agreement adjustments on settlement, the net sale proceeds of mobile disposals was $7.4m. As at 30 June 2011, the Company had an interest bearing receivable balance of $1.1m relating to Pivotel settlement amounts, payable in monthly instalments through to October 2011. The initial Pivotel vendor financing amount was $3.6m.

7. DISCONTINUED OPERATIONS *(continued)*

In June 2011, the Company decided to cease operating its Smartie daily deal web site as a result of the increase in the level of competition in the daily deal market.

(b) Financial performance of operations disposed and discontinued

The results of the discontinued operations for the year until disposal are presented below:

	2011 $000's	2010 $000's
Revenue (i)	6,600	22,268
Profit on sale of mobile businesses	2,076	-
Expenses (ii)	(7,898)	(19,352)
EBITDA	778	2,916
Depreciation and amortisation	-	(3,054)
Impairment losses (iii)	(129)	(193)
Finance costs	(87)	(21)
Profit / (loss) before tax from discontinued operations	562	(352)
Tax (expense) / benefit	(149)	1,325
Profit for the year from discontinued operations	413	973

(i) Includes $9,828 of Smartie revenue in FY11.
(ii) Includes $106,731 of Smartie expenses FY11.
(iii) Smartie assets impaired in FY11 and mobile assets impaired in FY10.

(c) Assets, liabilities and cash flows of held for sale operations

	2011 $000's	2010 $000's
Assets		
Cash	-	165
Trade and other receivables	-	3,766
Inventory	-	126
Intangibles	-	5,717
Total assets	-	9,774
Liabilities		
Trade and other payables	-	(6,906)
Total liabilities	-	(6,906)
Net assets attributable to held for sale operations	-	2,868

The net cash flows of the held for sale operations are as follows:

	2011 $000's	2010 $000's
Operating activities	-	2,489
Investing activities	-	(200)
Financing activities	-	(169)
Net cash inflow	-	2,378

7. DISCONTINUED OPERATIONS *(continued)*

(d) Assets, liabilities and cash flow information of disposed operations

Details of the disposal of Reward Mobile Pty Ltd, CS Mobile Pty Ltd, Just Mobile Telecoms Pty Ltd, Virtel Mobility Services (Aust) Pty Ltd, Commoditel (Australia) Pty Ltd and termination of prepaid wholesale agreement are as follows:

	$000's
Assets	
Cash	50
Trade and other receivables	1,015
Inventory	54
Office equipment	271
Intangibles	4,920
Goodwill	1,087
Total assets	7,397
Liabilities	
Trade and other payables	(1,914)
Deferred income	(486)
Total liabilities	(2,400)
Net assets attributable to discontinued operations	4,997

The net cash flows of the disposed operations are as follows:

Operating activities	(1,679)
Investing activities	3,669
Financing activities	2,389
Net cash inflow	4,379

Consideration received or receivable:

Cash	3,782
Present value of deferred consideration	3,602
Total disposal consideration	7,384
Less disposal costs	(311)
Less net assets disposed of	(4,997)
Gain on disposal before income tax	2,076
Income tax expense	-
Gain on disposal after income tax	2,076

Net cash inflow on disposal:

Cash and cash equivalents consideration	3,782
Less cash and cash equivalents balance disposed of	(50)
Reflected in the consolidated statement of cast flows	3,732

8. EARNINGS PER SHARE

The following reflects the income used in the calculations of basic earnings per share.

(a) Earnings used in calculating earnings per share

	2011 $000's	2010 $000's
For basic and diluted earnings per share:		
Net profit / (loss) from continuing operations attributable to ordinary equity holders of the parent	257	(2,071)
Profit attributable to discontinued operations	413	973
Net profit / (loss) attributable to ordinary equity holders of the parent	670	(1,098)

(b) Weighted average number of shares

	Number Thousands	Number Thousands
Weighted average number of ordinary shares for basic earnings per share	495,023	457,426
Dilutive effect of options	3,010	-
Weighted average number of ordinary shares	498,033	457,426

The earnings per share in the current and prior period exclude the effect of some options as they are antidilutive. These instruments could potentially dilute earnings per share in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

9. CASH AND CASH EQUIVALENTS

	2011 $000's	2010 $000's
Cash at bank	656	2,125
Cash on hand	1	1
Total cash and cash equivalents	657	2,126

Reconciliation to statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June 2011:

Cash at bank and in hand	657	2,126
Cash at bank and in hand attributable to discontinued operations	-	165
	657	2,291

Reconciliation of the net loss after tax to the net cash flows from operations

9. CASH AND CASH EQUIVALENTS *(continued)*

	2011 $000's	2010 $000's
Profit / (loss) after income tax	670	(1,098)
Non-cash flows in loss:		
Depreciation and amortisation	518	5,159
Impairment losses	129	263
Share-based payments	84	120
Profit on sale of mobile business	(2,076)	-
Fair value change in financial instrument	-	(12)
Amortisation of borrowing costs	344	228
Changes in assets and liabilities:		
- Decrease/(increase) in trade and other receivables	3,346	(1,858)
- Decrease in inventories	77	18
- Decrease in other assets	-	1,787
- Decrease/(increase) in deferred tax assets	(350)	(659)
- Decrease in deferred tax liabilities	301	(397)
- Increase/(decrease) in trade and other payables	(7,151)	496
- Increase/(decrease) in provisions	(555)	(395)
Net cash flows (used in) / from operating activities	(4,663)	3,652

10. TRADE AND OTHER RECEIVABLES

		2011 $000's	2010 $000's
Current			
Trade receivables	(i)	4,584	1,343
Less allowance for impairment loss (a)		(21)	(13)
Other receivables	(ii)	57	58
		4,620	1,388

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

(i) Trade and other receivables are non-interest bearing and are generally on 30 – 60 day terms.

(ii) Other receivables do not contain impaired assets that are not past due. It is expected that these other balances will be received when due. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables.

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30 – 60 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 $22,000 (2010: $18,000) in continuing operations has been recognised by the Group. These amounts have been included in the other expense item.

10. TRADE AND OTHER RECEIVABLES *(continued)*

	2011 $000's	2010 $000's
Movements in the provision for impairment loss were as follows:		
Carrying amount at beginning of year	13	717
Additional provision – continuing operations	22	18
Amounts utilised during the year	(14)	-
Amounts transferred to assets held for sale	-	(722)
Carrying amount at end of year	21	13

At 30 June 2011, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI^	61-90 days CI*	+91 days PDNI^	+91 days CI*
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
2011	4,584	3,543	645	237	-	138	21
2010	1,343	954	197	164	-	15	13

^ PDNI = Past due not impaired.
* CI = Considered impaired.

11. OTHER FINANCIAL ASSETS

	2011 $000's	2010 $000's
Current		
Restricted cash term deposits (i)	24	24
Non-current		
Restricted cash term deposits (i)	238	206

(i) Restricted cash term deposits are bank term deposits held to secure bank guarantees.

12. INTEREST BEARING LOAN

	2011 $000's	2010 $000's
Mobile sale vendor financing	1,128	-

On 27 July 2010, the Company entered into a loan and security agreement with Pivotel Mobile Pty Ltd, the purchaser of the post paid mobile business. The principal loan amount of $3.6m is to be repaid in thirteen monthly instalments ending 31 October 2011 at an annual interest rate of 14%.

Due to the short term nature of this financial asset, its carrying value is assumed to approximate its fair value.

13. OTHER

	2011 $000's	2010 $000's
Prepayments	140	71

14. PLANT AND EQUIPMENT

Reconciliation of the carrying amounts at the beginning and end of the period

	Office equipment	Software	Leasehold improvement	Leased plant and equipment	Total
Year ended 30 June 2011					
At 1 July 2010, net of accumulated depreciation and impairment	295	40	106	245	686
Additions	71	-	-	-	71
Acquisition of subsidiary	52	-	-	-	52
Depreciation and amortisation (Continuing operations)	(56)	(4)	(7)	-	(67)
Depreciation and amortisation (Discontinued operations)	(49)	(31)	(19)	(128)	(227)
Impairment (1) (Discontinued operations)	(194)	-	(77)	-	(271)
At 30 June 2011, net of accumulated depreciation and impairment	119	5	3	117	244

(1) These assets were impaired because of the Company moved its premises from North Sydney to Pyrmont following the sale of the mobile business.

At 30 June 2011	Office equipment	Software	Leasehold improvement	Leased plant and equipment	Total
Cost	220	16	7	488	731
Accumulated depreciation and impairment	(101)	(11)	(4)	(371)	(487)
Net carrying amount	119	5	3	117	244

	Office equipment	Software	Leasehold improvement	Leased plant and equipment	Total
Year ended 30 June 2010					
At 1 July 2009 net of accumulated depreciation and impairment	469	78	141	324	1,012
Additions	41	13	8	44	106
Depreciation and amortisation	(145)	(51)	(43)	(123)	(362)
Impairment	(70)	-	-	-	(70)
At 30 June 2009, net of accumulated depreciation and impairment	295	40	106	245	686
At 30 June 2010					
Cost	577	138	202	488	1,405
Accumulated depreciation and impairment	(282)	(98)	(96)	(243)	(719)
Net carrying amount	295	40	106	245	686

15. INTANGIBLE ASSETS AND GOODWILL

(a) Reconciliation of the carrying amounts at the beginning and end of the period

	Customer contracts	Member base	Software	Total Intangible	Goodwill	Total
Year ended 30 June 2011						
At 1 July 2010, net of accumulated amortisation and impairment	-	-	90	90	14,935	15,025
Additions	-	-	763	763	-	763
Acquisition of subsidiary	1,454	-	-	1,454	6,733	8,187
Amortisation	(387)	-	(64)	(451)	-	(451)
Impairment (Discontinued operations)	-	-	(129)	(129)	-	(129)
At 30 June 2011 net of accumulated amortisation and impairment	1,067	-	660	1,727	21,668	23,395
At 30 June 2011						
Cost	1,454	-	742	2,196	21,668	23,864
Accumulated amortisation and impairment	(387)	-	(82)	(469)	-	(469)
Net carrying amount	1,067	-	660	1,727	21,668	23,395

	Customer base	Member base	Software	Total Intangible	Goodwill	Total
Year ended 30 June 2010						
At 1 July 2009, net of accumulated amortisation and impairment	7,537	102	1,644	9,283	16,023	25,306
Additions	118	-	308	426	-	426
Transfer to disposal group	(4,629)	-	-	(4,629)	(1,088)	(5,717)
Amortisation of assets included in discontinued operations	(3,026)	-	(28)	(3,054)	-	(3,054)
Impairment of assets included in discontinued operations	-	-	(193)	(193)	-	(193)
Amortisation	-	(102)	(1,641)	(1,743)	-	(1,743)
At 30 June 2010, net of accumulated amortisation and impairment	-	-	90	90	14,935	15,025
At 30 June 2010						
Cost	-	-	133	133	14,935	15,068
Accumulated amortisation and impairment	-	-	(43)	(43)	-	(43)
Net carrying amount	-	-	90	90	14,935	15,025

15. INTANGIBLE ASSETS AND GOODWILL *(continued)*

(b) Description of the Group's intangible assets and goodwill

(i) Customer contracts

The value of the group's customer contracts represents the fair value of contractual customer relationships at the time of the Deal Group Media Pty Ltd acquisition. The customer contracts are amortised over the shorter of the term of each contract or five years.

(ii) Member base

The value of the group's member base represents the fair value of the member base at the time of the Empowered Communications acquisition, less amortisation and impairment losses. The member base was amortised over its useful life of 2 years.

(iii) Software

The value of the group's software represents the fair value of software developed in-house, less amortisation and impairment losses. This software is amortised over its useful life of 2.5 years.

(iv) 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 (d) of this note).

(c) Impairment losses recognised

An impairment loss of $129,000 on software was recognised during the year. This impairment is a result of the discontinuance of the Smartie Deals business and has been recognised in the statement of comprehensive income in the line item called: Profit from discontinued operations after tax.

(d) Impairment tests for goodwill

(i) Description of the cash generating units and other relevant information

Goodwill acquired through business combinations has been allocated to two individual cash generating units, each of which is a reportable segment (refer note 3) for impairment testing as follows:

- Deal Group Media (dgm) cash generating unit; and
- Empowered cash generating unit.

The recoverable amount of the dgm and Empowered cash generating units has been determined with a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a twelve month period to 30 June 2012 and a forecast covering a further four years.

The pre-tax, discount rate applied to Empowered cash flow projections is 19.5% (2010: 20.7%) and to dgm cash flow projections is 18.7% (2010: n/a).

(ii) Carrying amount of goodwill

The carrying amount of goodwill is allocated to the cash generating unit as follows:

15. INTANGIBLE ASSETS AND GOODWILL *(continued)*

	dgm		Empowered		Total	
	2011	2010	**2011**	2010	**2011**	2010
	$000's	$000's	**$000's**	$000's	**$000's**	$000's
Carrying amount of goodwill	6,733	n/a	14,935	14,935	21,668	14,935

(d) Impairment tests for goodwill *(continued)*

(iii) Key assumptions used in value in use calculations for the dgm and Empowered units for 30 June 2011.

The calculation of value in use for both the dgm and Empowered units is most sensitive to the following assumptions:

dgm - A growth rate of 6% p.a. has been used in the 4 year forecast (2010: n/a).

Empowered - A growth rate of 5% p.a. has been used in the 4 year forecast (2010: 6%).

Discount rates – discount rates reflect managements estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the group. The pre tax discount rates used are 18.7% (dgm unit) and 19.5% (Empowered unit).

(iv) Sensitivity to changes in assumptions

dgm unit

For the dgm unit, there are reasonably possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. The actual recoverable amount of the dgm unit exceeds its carrying value by $1.5 million (2010: n/a).

- *Growth rate assumptions* - Management recognises that new entrants or technological advances could negatively impact the growth rate assumptions. A forecast growth rate less than 3.5% from FY2013 would result in the recoverable amount of the dgm unit to fall below its carrying value.
- *Discount rate assumptions* - Management recognises that the actual time value of money may vary to what they have estimated. Management notes that the pre-tax discount rate would have to increase to 21.4% for the recoverable amount of the dgm unit to fall below its carrying value.

Empowered unit

For the Empowered unit, there are reasonably possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. The actual recoverable amount of the Empowered unit exceeds its carrying value by $1.8 million (2010: $3.8 million).

- *Growth rate assumptions* - Management recognises that new entrants or technological advances could negatively impact the growth rate assumptions. A forecast growth rate less than 2.2% from FY2013 would result in the recoverable amount of the Empowered unit to fall below its carrying value.
- *Discount rate assumptions* - Management recognises that the actual time value of money may vary to what they have estimated. Management notes that the pre-tax discount rate would have to increase to 22.5% for the recoverable amount of the Empowered unit to fall below its carrying value.

16. TRADE AND OTHER PAYABLES

	2011 $000's	2010 $000's	1.07.2009 $000's
Trade payables and accruals (i)	5,210	2,213	6,519
Deferred consideration for acquisition of subsidiary (ii)	500	-	1,300
	5,710	2,213	7,819
Non-current			
Operating lease incentive accrual	-	110	149
Other payables	18	14	436
	18	124	585

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

(i) Trade payables are non-interest bearing and are generally payable on 30 to 60 day terms.
(ii) 2011: Payable to Asia Digital Holdings Plc on 22 November 2011 as the final acquisition consideration payment for the purchase of Deal Group Media Pty Ltd.
01.01.2009: This represents the deferred 2009 finance year EBITDA earn out consideration for the Empowered acquisition. This amount was paid on 31 July 20009.

17. PROVISIONS

		2011 $000's	2010 $000's
Current			
Employee benefits		227	75
Surplus lease space	(i)	325	-
Member rewards	(ii)	467	449
Other		5	-
		1,024	524
Non Current			
Employee benefits		39	5
Surplus lease space		190	-
Lease make good	(iii)	98	100
		327	105

(i) Australian Accounting Standards require the recognition of the net present value of future net outlays in respect of surplus space under non-cancellable lease agreements to be expensed in the period in which the space becomes surplus. A provision for surplus lease space was recognised on 8 October 2011 for the Company's North Sydney premises lease following the sale of the post paid retail business. It is expected that all these cost will be incurred by 31 December 2012.

(i) Members of Empowered accumulate reward points by participating in email promotions, SMS promotions and online market research projects. The obligation to provide reward points to members are accumulated net of estimated points that will expire. The provision is based on the present value of the expected incremental direct cost of supplying the goods and services exchanged for points redeemed. The average settlement period of the provision is approximately seven months.

17. PROVISIONS *(continued)*

(iii) Australian Accounting Standards require the recognition of provisions for site restoration. Under the Company's current premises leases, there is a requirement for the company to 'make good'. As such the Company has estimated the future value of the 'make good' provisions under the leases to be $98,000. It expected that these costs will be incurred by 30 June 2013.

Movement in provisions

Movements in each class of provision during the financial year, other than previously relating to employee benefits, are set out below:

	Surplus lease space	Lease Make Good	Member Rewards	Total
At 1 July 2010	-	100	449	549
Arising during the year	716	25	526	1,267
Utilised	(200)	(27)	(508)	(735)
At 30 June 2011	516	98	467	1,081

18. INTEREST BEARING LOANS AND BORROWINGS

	2011 $000's	2010 $000's
Current		
Bank receivables financing facility (i)	1,028	-
Secured loan from related party (ii)	-	2,271
Convertible notes (iii)	-	1,050
Obligations under finance lease contracts (iv)	18	86
	1,046	3,407
Non-current		
Secured loan from related party (ii)	-	1,135
Obligations under finance lease contracts (iv)	-	18
	-	1,153

(i) Bank receivables financing facility

Deal Group Media Pty Ltd has a trade receivables finance facility with the Commonwealth Bank of Australia. This loan is secured by a fixed and floating charge over Deal Group Media Pty Ltd.

(ii) Secured loan from related party

On 26 May 2010 the Company repaid $7.0 million under a senior secured loan facility to Co-Investor Capital Partners Pty Ltd. The loan was secured by a fixed and floating charge over the Company and the Empowered subsidiaries.

(iii) Convertible notes

On 10 July 2007, four parties entered into loan and convertible agreements with the Company to issue convertible notes with a face value totalling $1,500,000. These funds raised were used to fund part of the cash component of the Sonnet Corporation acquisition consideration. This amount was repaid on 9 July 2010.

18. INTEREST BEARING LOANS AND BORROWING *(continued)*

(iv) Lease liability

The lease liability consists of finance leases for plant and equipment. The weighted average effective interest rate on the leases is 9.3%.

(a) Fair values

The carrying amount of the group's current and non-current borrowings approximate their fair value. The carrying values have been calculated by discounting the expected future cash flows at a rate representative of the market cost of each type of debt.

(b) Assets pledged as security

	2011 $000's	2010 $000's
Current		
Fixed and floating charge:		
Cash and cash equivalents	657	2,126
Trade and other receivables	4,620	1,388
Other	140	71
Term deposits for bank guarantees:		
Other financial assets	24	24
Total current assets pledged as security	5,441	3,609

	2011 $000's	2010 $000's
Non-current		
Fixed and floating charge:		
Plant and equipment	127	441
Term deposits for bank guarantees:		
Other financial assets	238	206
Finance lease:		
Leased equipment	117	245
Total non-current assets pledged as security	482	892
Total assets pledged as security	5,923	4,501

(c) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

(d) Interest rate and liquidity risk

Please see note 2.

19. CONTRIBUTED EQUITY

	2011 $000's	2010 $000's
Issued and paid-up capital		
Ordinary shares each fully paid	109,630	102,985

19. CONTRIBUTED EQUITY *(continued)*

(a) Ordinary shares

Ordinary Shares

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

	Consolidated and Company		Consolidated and Company	
	Number of shares 2011	2011 $000's	Number of shares 2010	2010 $000's
Fully paid ordinary shares	849,504,734	109,630	457,426,101	102,985
Movements in shares on issue				
Beginning of the financial year	457,426,101	102,985	457,426,101	103,059
Issued in relation to rights issue	392,078,633	7,058	-	-
Share issue expenses	-	(413)	-	(74)
End of the financial year	849,504,734	109,630	457,426,101	103,059

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The gearing ratios based at 30 June 2011 and 2010 were as follows:

	2011 $000's	2010 $000's
Total borrowings*	6,755	12,672
Less: cash and cash equivalents	(657)	(2,291)
Net debt	6,098	10,381
Total equity	22,872	15,473
Total capital	28,970	25,854
Gearing ratio	21%	40%

**Includes interest bearing loans and borrowings and trade and other payables*

(c) Options

Unlisted options

At year-end there were 47,210,000 (2010: 39,850,000) unlisted options over ordinary shares on issue. The details of each unlisted options are as follows:

19. CONTRIBUTED EQUITY *(continued)*

(c) Options

- 600,000 unlisted performance options to subscribe for 600,000 ordinary shares. The options are exercisable on or before 30 November 2011 at various prices;
- 25,000,000 unlisted options to subscribe for 25,000,000 ordinary shares. The options are exercisable on or before 4 November 2011 at an exercise price of 6 cents for each ordinary share;
- 11,700,000 unlisted options to subscribe for 11,700,000 ordinary shares. The options are exercisable on or before 2 November 2012 at an exercise price of 4 cents for each ordinary share;
- 1,950,000 unlisted options to subscribe for 1,950,000 ordinary shares. The options are exercisable on or before 2 November 2012 with a nil exercise price for each ordinary share;
- 1,560,000 unlisted options to subscribe for 1,560,000 ordinary shares. The options are exercisable on or before 25 October 2013 with a nil exercise price for each ordinary share;
- 6,400,000 unlisted options to subscribe for 6,400,000 ordinary shares. The options are exercisable on or before 31 October 2013 at an exercise price of 6 cents for each ordinary share;
- 1,400,000 unlisted options to subscribe for 1,400,000 ordinary shares. The options are exercisable on or before 31 October 2014 with a nil exercise price for each ordinary share;
- 8,000,000 unlisted options to subscribe for 8,000,000 ordinary shares. The options are exercisable on or before 31 October 2014 at an exercise price of 6 cents for each ordinary share; and
- 4,390,882 unlisted options to subscribe for 4,390,882 ordinary shares. The options are exercisable on or before 31 October 2014 at an exercise price of 3 cents for each ordinary share.

20. RESERVES

	2011 $000's	2010 $000's
Employee equity options reserve (i)	544	460
Options reserve (ii)	3,184	3,184
	3,728	3,644

Movement in reserves

Balance at 1 July 2009 $000's	Share based payments $000's	Balance at 30 June 2010 $000's	Share based payments $000's	Balance at 30 June 2011 $000's
3,524	120	3,644	84	3,728

Nature and purpose of reserve

(i) The employee equity benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration. Refer to note 26 for further details of these plans.

(ii) The options reserve is used to record the value of share based payments provided to external parties for fees associated with equity and debt raisings. These were valued at the option price on the day of issue.

21. ACCUMULATED LOSSES

	2011 $000's	2010 $000's	1.07.2009 $000's
Accumulated losses	90,486	91,156	90,058
Balance at beginning of year	91,156	90,058	87,294
Net (profit) / loss attributable to members of the Company	(670)	1,098	2,764
Balance at end of year	90,486	91,156	90,058

22. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

Future operating property lease rentals:

	2011 $000's	2010 $000's
- Within one year	779	352
- After one year but not more than five years	805	555
	1,584	907

(b) Finance lease commitments

The Group has finance leases and hire purchase contracts for various items of office equipment with a carrying amount of $117,000 (2010: $245,000) for the Group. These lease contracts expire within the next twelve months.

	2011 $000's	2010 $000's
- Within one year	19	91
- After one year but not more than five years	-	19
Total minimum lease payments	19	110
Less amounts representing finance charges	(1)	(6)
Present value of future lease payments	18	104

(c) Contingent liabilities

There were no contingent liabilities as at 30 June 2011.

23. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

Phillip Pryke (appointed 5 January 2009)	Non-Executive Chairman
David Sweet (appointed 18 June 2004)	Non-Executive Director
Chris Meehan (appointed 1 September 2009)	Executive Director (1)
Fionn Hyndman (appointed 24 December 2010)	Non-Executive Director
Christin Burns (appointed 22 February 2011)	Non-Executive Director

23. KEY MANAGEMENT PERSONNEL ***(continued)***

(ii) Executives

Campbell Nicholas (appointed 11 July 2007)	Chief Financial Officer (2)
Shaun McNamara (appointed 1 September 2009)	Group Chief Operating Officer (3)
John Mathews (appointed 1 June 2011)	dgm General Manager (4)

(1) Chris Meehan was the Empowered Chief Operating Officer from 1 September 2008 until his appointment as Managing Director of the Group on 1 September 2009.
(2) Campbell Nicholas was appointed as Company Secretary on 31 July 2007.
(3) Shaun McNamara was the Empowered General Manager prior to his appointment to Group Chief Operating Officer on 27 May 2011.
(4) John Mathews was the dgm Client Services Director prior to his appointment to dgm General Manager on 1 June 2011.

There are no other employees regarded as executives.

(b) Compensation of Key Management Personnel

	2011 $000's	2010 $000's
Short-term	1,846	1,801
Post employment	102	63
Share-based payment	77	116
Termination benefits	382	-
	2,407	1,980

(c) Options holdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other	Balance at end of period	Total	Exercisable (vested)	Not exercisable (non-vested)
2011								
Directors								
P Pryke (1)	25,000,000	-	-	-	25,000,000	25,000,000	25,000,000	-
D Sweet	600,000	-	-	-	600,000	600,000	600,000	-
F Hyndman	-	-	-	-	-	-	-	-
C Burns	-	-	-	-	-	-	-	-
Executives								
C Meehan	5,350,000	7,830,000	-	-	13,180,000	13,180,000	8,830,000	4,350,000
C Nicholas	3,800,000	5,040,000	-	(250,000)	8,590,000	8,590,000	5,790,000	2,800,000
S McNamara	600,000	1,330,214	-	-	1,930,214	1,930,214	600,000	1,330,214
J Matthews	-	588,590	-	-	588,590	588,590	-	588,590
Total	35,350,000	14,788,804	-	(250,000)	49,888,804	49,888,804	40,820,000	9,068,804

(1) These options are held by Co-Investor Capital Partners Pty Ltd and Co-Investor Capital Partners (NZ) Ltd. Mr Pryke is a Director and shareholder of Co-Investor Capital Partners Pty Ltd. Co-Investor Capital Partners (NZ) Ltd is a subsidiary of Co-Investor Capital Partners Pty Ltd.

23. KEY MANAGEMENT PERSONNEL *(continued)*

	Balance at beginning of period	Granted as remun-eration	Options exercised	Net change other	Balance at end of period	Total	Exer-cisable (vested)	Not exer-cisable (non-vested)
2010								
Directors								
P Pryke (1)	25,000,000	-	-	-	25,000,000	25,000,000	25,000,000	-
D Sweet	1,615,843	-	-	(1,015,843)	600,000	600,000	600,000	-
R Steinepreis	-	-	-	-	-	-	-	-
V Gillespie	-	-	-	-	-	-	-	-
Executives								
C Meehan	-	5,350,000	-	-	5,350,000	5,350,000	5,350,000	-
P McFadden	500,000	3,550,000	-	(250,000)	3,800,000	3,800,000	3,800,000	-
C Nicholas	500,000	3,550,000	-	(250,000)	3,800,000	3,800,000	3,800,000	-
S McNamara	-	600,000	-	-	600,000	600,000	600,000	-
Total	27,615,843	13,050,000	-	(1,515,843)	39,150,000	39,150,000	39,150,000	-

(d) Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	On exercise of options	Net change other	Balance at end of period
2011 Directors					
P Pryke (1)	314,685,453	-	-	339,210,585	653,896,038
D Sweet	883,385	-	-	-	883,385
F Hyndman	-	-	-	-	-
C Burns	-	-	-	-	-
Executives					
C Meehan	-	-	-	1,111,111	1,111,111
C Nicholas	-	-	-	-	-
S McNamara	-	-	-	-	-
J Matthews	-	-	-	-	-
Total	315,568,838	-	-	340,321,696	655,890,534

(1) These shares are held by Co-Investor Capital Partners Pty Ltd and Co-Investor Capital Partners (NZ) Ltd. Mr Pryke is a Director and shareholder of Co-Investor Capital Partners Pty Ltd. Co-Investor Capital Partners (NZ) Ltd is a subsidiary of Co-Investor Capital Partners Pty Ltd.

23. KEY MANAGEMENT PERSONNEL *(continued)*

	Balance at beginning of period	Granted as remuneration	On exercise of options	Net change other	Balance at end of period
2010 Directors					
P Pryke (1)	314,685,453	-	-	-	314,685,453
D Sweet	883,385	-	-	-	883,385
R Steinepreis	5,178,601	-	-	-	5,178,601
V Gillespie	-	-	-	-	-
Executives					
C Meehan	-	-	-	-	-
P McFadden	250,000	-	-	-	250,000
C Nicholas	-	-	-	-	-
S McNamara	-	-	-	-	-
Total	320,997,439	-	-	-	320,997,439

Other than disclosed above, all other equity transactions with Directors and specified executives have been entered into under terms no more favourable than those the entity would have adopted if dealing at arms length.

(e) Other transactions and balances with Key Management Personnel and their related parties

- Co-Investor Capital Partners Pty Ltd (Co-Investor), an entity associated with Phillip Pryke:
  - Interest of $815,542 on the loan (refer note 18 (ii)). At reporting date, $78,348 remained payable (2010: nil);
  - Business acquisition and disposal consulting fees of $192,392. At reporting date, $8,131 remained payable (2010: nil);
  - Capital raising costs of $352,871. At reporting date, $352,871 remained payable (2010: nil);
  - In May 2011 the Company completed a non-renounceable fully underwritten rights issue on the basis of 6 fully paid ordinary shares for every 7 Shares held at an issue price of 1.8 cents per Share. The rights issue raised a total of $7,057,415 and these proceeds were used to repaid the $7,000,000 loan to Co-Investor. Co-Investor's shareholding increased to 653,896,038 shares (77%) as a result of it taking up its full entitlement and underwriting the rights issue;
  - Loan financing fees of $56,000. At reporting date, $56,000 remained payable (2010: nil); and
  - Christin Burns does not earn any fees for his role as a non-executive Director of the Company. He is an employee of Co-Investor.
- Sweet Nominees Pty Ltd, an entity associated with David Sweet:
  - Disposal of mobile business consulting fees of $139,099. At reporting date, nil remained payable (2010: nil).

23. KEY MANAGEMENT PERSONNEL *(continued)*

Amounts recognised at the reporting date in relation to other transactions with Key Management Personnel

	2011 $000's	2010 $000's
Assets and liabilities		
Trade and other receivables	-	-
Investment in unlisted entity	-	-
Total assets	-	-
Trade and other payables	495	87
Total liabilities	495	87
Expenses		
Expenses including in contributed equity	353	-
Expenses included in net loss	1,084	887
Total expenses	1,437	887

24. AUDITORS' REMUNERATION

	2011 $	2010 $
Amounts received or due and receivable by the auditors for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	165,245	190,101
- tax compliance services in relation to the entity and any other entity in the consolidated group	119,200	67,450
	284,445	257,551

25. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Digital Performance Group Limited and the subsidiaries listed in the following table:

Company and country of incorporation		Class of share	Beneficial percentage held by consolidated entity	
			2011 %	2010 %
Empowered Communications Pty Ltd	Aust	Ordinary	100	100
Empowered Technologies Pty Ltd	Aust	Ordinary	100	100
Empowered (Holdings) Pty Ltd	Aust	Ordinary	100	100
eRewards Pty Ltd	Aust	Ordinary	100	100
Deal Group Media Pty Ltd	Aust	Ordinary	100	-
Virtel Group Pty Ltd	Aust	Ordinary	100	100
Virtel Operations Pty Ltd	Aust	Ordinary	100	100
A.C.N. 009 239 285 Pty Ltd	Aust	Ordinary	100	100
Smartie Deals Pty Ltd	Aust	Ordinary	100	-
Just Mobile Telecoms Pty Ltd	Aust	Ordinary	-	100
Reward Mobile Pty Ltd	Aust	Ordinary	-	100
Virtel Mobility Services (AUST) Pty Ltd	Aust	Ordinary	-	100
CommodiTel (Australia) Pty Ltd	Aust	Ordinary	-	100
CS Mobile Pty Ltd	Aust	Ordinary	-	100

Ultimate Parent
Digital Performance Group Limited is the ultimate parent company.

Other Related Party Transactions
Transactions undertaken between the group, executive officers and Director-related entities are disclosed in Note 23.

26. SHARE BASED PAYMENT PLANS

(a) Recognised share based payment expenses

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

	2011 $000's	2010 $000's
Expense arising from equity-settled share based payment transactions	84	120

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during the year ended 2011.

(b) Types of share-based payment plans

Employee Share Option Plan
An employee option plan has been established which is open to all full time and part time employees of the consolidated entity under which they are issued with options over the ordinary shares of Digital Performance Group Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Digital Performance Group Limited.

The options cannot be transferred and will not be quoted on the ASX. There are no voting rights attached to the options unless converted into ordinary shares.

26. SHARE BASED PAYMENT PLANS *(continued)*

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

	30 June 2011 No.	30 June 2011 WAEP	30 June 2010 No.	30 June 2010 WAEP
Balance at beginning of period	14,850,000	$0.06	2,345,000	$0.32
- granted	21,750,882	$0.05	13,650,000	$0.03
- expired	(600,000)	$0.25	(1,145,000)	$0.38
Balance at end of period	36,000,882	$0.05	14,850,000	$0.06
Exercisable at end of period	36,000,882	$0.05	14,850,000	$0.06

The options issued during the year have been granted on the following terms and conditions:

Number	Grant date	Vesting date	Exercise Price	Fair value	Expiry date
1,560,000	25 October 2010	25 October 2010	Nil	2.00 cents	25 October 2013
6,400,000	13 April 2011	13 April 2011	6 cents	0.14 cents	31 October 2014
1,400,000	13 April 2011	31 October 2011	Nil	2.00 cents	31 October 2014
8,000,000	13 April 2011	31 October 2011	6 cents	0.31 cents	31 October 2014
4,390,882	13 April 2011	31 October 2011	3 cents	0.65 cents	31 October 2014

Where the options issued have an exercise price greater than zero, the fair value of the equity-settled options are estimated using the Binomial pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

Grant date	13 April 2011	13 April 2011	13 April 2011
Vesting date	13 April 2011	31 October 2011	31 October 2011
Expected volatility	74.4%	74.4%	74.4%
Risk-free interest rate	5.75%	5.75%	5.75%
Life of option	2.6 years	2.6 years	2.6 years
Exercise price	6 cents	6 cents	3 cents

Where the options issued have a NIL exercise price, the fair value is deemed to be equal to the prevailing market price of the share on the Australian Securities Exchange (ASX) on the date the options vest.

Based on these inputs the options issued during the year have been valued at $84,000. This amount has been expensed to the income statement in “Employee benefits expense” for the year ended 30 June 2011.

All options remain unexercised at 30 June 2011.

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.3 years (2010:2.2 years).

27. PARENT ENTITY INFORMATION

	2011 $000's	2010 $000's
Information relating to Digital Performance Group Limited		
Current assets	1,684	1,140
Total assets	23,582	18,533
Current liabilities	(2,412)	(2,555)
Total liabilities	(2,676)	(2,777)
Net assets	20,906	15,756
Issued capital	109,576	102,985
Accumulated losses	(92,398)	(90,873)
Reserves	3,728	3,644
	20,906	15,756
Total comprehensive loss of the parent	(1,243)	(665)

28. RESTATEMENT OF PRIOR PERIOD

Correction of error in remitting payroll tax on certain types of remuneration during the period 1 July 2005 to 30 June 2010.

During the year management discovered that payroll tax had not been accounted for nor remitted to the state authorities on certain types of remuneration. An adjustment was made to account for this cumulative under accrual of payables. The error has been corrected by restating each of the affected financial statement line items for the prior period.

The effect of this correction on relevant line items and earnings per share as at 30 June 2010 is disclosed in the table below.

Line item affected

Statement of comprehensive income	Pre restatement 30 Jun 2010 $000	Post restatement 30 Jun 2010 $000	Increase / (decrease) $000
Employee benefits expense	2,240	2,313	73
EBITDA	1,387	1,314	(73)
Net loss for the year	(1,025)	(1,098)	(73)
Statement of financial position	**Pre restatement 30 June 2010 $000**	**Post restatement 30 June 2010 $000**	**Increase / (decrease) $000**
Trade and other payables	1,930	2,213	283
Accumulated losses	(90,873)	(91,156)	(283)
Earnings per share	(0.4)	(0.4)	-

Basic and diluted earnings per share for the prior year have also been restated.

29. EVENTS AFTER THE BALANCE SHEET DATE

Debt Facility Drawdown

On 11 August 2011 the company drew down $1,250,000 under its secured loan facility with Co-Investor Capital Partners Pty Limited.

29. EVENTS AFTER THE BALANCE SHEET DATE *(continued)*

These funds will be used to provide the Company with additional working capital. The debt is to be repaid in full by 30 June 2012.

Share Buy Back

On 12 August 2011 the Company announced that it would be undertaking an on-market share buy back for up to 10% of its issued capital over a period of 12 months from on or around 29 August 2010.

30. BUSINESS COMBINATIONS

Deal Group Media Pty Ltd

On 22 October 2010 the Company acquired 100% of the shares in Deal Group Media Pty Limited (DGM), an unlisted private company based in Australia, specialising in online advertising. This acquisition is in line with the group's strategy of building or acquiring profitable businesses operating in the digital performance space.

The total fair value of consideration given was $4,758,000 and comprised cash and a deferred consideration component of $500,000, payable on 22 November 2011.

The fair value of the identifiable assets and liabilities of Deal Group Media Pty Ltd as at the date of acquisition was:

	Recognised on acquisition $000's
Cash and cash equivalents	422
Trade receivables	3,774
Other current assets	95
Plant and equipment	52
Intangible assets – customer list	1,453
Total assets	**5,796**
Trade and other payables	5,695
Deferred income	380
Interest loans and borrowings	1,152
Deferred tax liability	390
Provisions	154
Total liabilities	**7,771**
Fair value of identifiable net liabilities	(1,975)
Goodwill arising on acquisition	6,733
Cost of acquisition	**4,758**
Cost of the acquisition comprises:	
Cash paid	4,258
Fair value of deferred component (note 16)	500
	4,758
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	422
Cash paid	(4,258)
Net consolidated cash outflow	**(3,836)**

The fair value of trade receivables represents the gross contractual amounts receivable.

30. BUSINESS COMBINATIONS *(continued)*

From the date of acquisition (22 October 2010), Deal Group Media has contributed $12,302,000 in revenue, $1,255,000 in EBITDA before unallocated expenses and $780,000 in net profit after tax to the consolidated group.

Had the acquisition of DGM occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have resulted in revenue of $26,175,000, EBITDA of $1,399,000, and a profit after tax of $993,000.

Transaction costs associated with the acquisition amounted to $626,000. A key factor contributing towards the goodwill of $6,297,000 relates to the synergies expected to be achieved as a result of combining Deal Group Media with the rest of the Group. Goodwill can also be attributed to the workforce of the acquired business.

DIGITAL PERFORMANCE GROUP Ltd
ABN 30 000 386 685

Director's Declaration

In accordance with a resolution of the Directors of Digital Performance Group Limited, I state that:

(1) In the opinion of the Directors:

(a) The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2011.

Signed in accordance with a resolution of the Directors.

CHRIS MEEHAN
Director

Sydney, 24 August 2011

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Independent auditor's report to the members of Digital Performance Group Ltd

Report on the financial report

We have audited the accompanying financial report of Digital Performance Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of Digital Performance Group Ltd is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note1.

Emphasis of matter

Without qualification to the opinion above, we draw attention to the matters outlined in Note 1 in the financial report.

As a result of these matters, if the support from the company's major shareholder, Co Investor Capital Partners Pty Limited, is withdrawn, there is material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Digital Performance Group Ltd for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Meredith Scott

Meredith Scott
Partner
Sydney
24 August 2011

ASX Additional Information

Additional information included in accordance with the Listing Rules of the ASX Limited.

1. Shareholder Information

(a) Distribution of holders at 23 August 2011

	Fully paid ordinary shares
Number of Holders	1,831
Distribution is :	
1 - 1,000	219
1,001 - 5,000	699
5,001 - 10,000	264
10,001 - 100,000	494
100,001 - 9,999,999,999	155
	1,831
Holding less than a marketable parcel	1,498

(b) Voting rights
There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

(c) Substantial shareholders at 23 August 2011
The Company's register of substantial shareholders shows the following:

Shareholder	Number of shares
Co-Investor Capital Partners Pty Limited	653,896,038

(d) Shareholders
The twenty largest shareholders hold 88.93% of the total issued ordinary shares in the Company as at 23 August 2011.

(e) Unlisted 30 November 2011 Options
There are 300,000 options held by 1 holder on issue and are exercisable at 30 cents on or before 30 November 2011.The option holder does not have any voting rights.

(f) Unlisted 30 November 2011 Options
There are 150,000 options held by 1 holder on issue and are exercisable at 40 cents on or before 30 November 2011.The option holder does not have any voting rights.

(g) Unlisted 30 November 2011 Options
There are 150,000 options held by 1 holder on issue and are exercisable at 60 cents on or before 30 November 2011.The option holder does not have any voting rights.

(h) Unlisted 4 November 2011 Options
There are 25,000,000 options held by 1 holder on issue are exercisable at 6 cents on or before 4 November 2011.The option holder does not have any voting rights.

(i) Unlisted 2 November 2012 Options
There are 11,700,000 options held by 1 holder on issue are exercisable at 4 cents on or before 2 November 2012.The option holder does not have any voting rights.

ASX Additional Information *(continued)*

1. Shareholder Information *(continued)*

(j) Unlisted 2 November 2012 Options

There are 1,950,000 options held by 1 holder on issue are exercisable at nil cents on or before 2 November 2012.The option holder does not have any voting rights.

(k) Unlisted 25 October 2013 Options
There are 1,560,000 options held by 1 holder on issue are exercisable at nil cents on or before 25 October 2013.The option holder does not have any voting rights.

(l) Unlisted 31 October 2013 Options
There are 6,400,000 options held by 1 holder on issue are exercisable at 6 cents on or before 31 October 2013.The option holder does not have any voting rights.

(m) Unlisted 31 October 2014 Options
There are 1,400,000 options held by 1 holder on issue are exercisable at nil cents on or before 31 October 2014.The option holder does not have any voting rights.

(n) Unlisted 31 October 2014 Options
There are 8,000,000 options held by 1 holder on issue are exercisable at 6 cents on or before 31 October 2014.The option holder does not have any voting rights.

(o) Unlisted 31 October 2014 Options
There are 4,390,882 options held by 1 holder on issue are exercisable at 3 cents on or before 31 October 2014.The option holder does not have any voting rights.

ASX Additional Information *(continued)*

2. QUOTATION

Listed securities in Digital Performance Group Limited are quoted on ASX Limited (ASX code: DIG).

Top Twenty Shareholders as at 23 August 2011

Name		Number of Shares	% of Issued Shares
1.	Co-Investor Capital Partners Pty Ltd <Co-Investor No3 PIPE Fund A/C>	574,634,004	67.64
2.	Co-Investor Capital Partners Pty Ltd <Co-Investor No1 Fund A/C>	53,245,518	6.27
3.	Cable Nominees Pty Ltd	20,800,000	2.45
4.	Co-Investor Capital Partners Pty Ltd <Co-Investor No3 PIPE Fund A/C>	13,312,913	1.57
5.	Co-Investor Capital Partners (NZ) Ltd <Co-Investor No2 Fund A/C>	12,703,603	1.50
6.	HHH Group Pty Ltd	12,000,000	1.41
7.	Mr Brett A Orsler	10,120,550	1.19
8.	Dylide Pty Ltd	8,406,249	0.99
9.	Mr. Adam Hobson	6,431,956	0.76
10.	Connaught Consultants (Finance) Pty Ltd	6,000,000	0.71
11.	JBWere (NZ) Nominees Ltd	5,571,428	0.66
12.	Eddagate Pty Ltd	4,550,000	0.54
13.	HSBC Custody Nominees (Aust) Ltd	4,529,484	0.53
14.	Swan Key Pty Ltd	4,000,000	0.47
15.	Pacific Union Capital Pty Ltd	3,981,903	0.47
16.	Globe Technology Pty Ltd	3,500,000	0.41
17.	First Charnock Nominees Pty Ltd	3,149,205	0.37
18.	Blueknight Corporation Pty Ltd	3,025,001	0.36
19.	HAH Pty Ltd	2,785,714	0.33
20.	Weldon International Pty Ltd	2,736,400	0.32
		755,483,928	88.93